

Complaint

IN THE MATTER OF

LONDON CREDIT AND DISCOUNT CORPORATION, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket 8812. Complaint, Mar. 30, 1970*—Decision, Apr. 1, 1971*

Consent order requiring three affiliated Mentor, Ohio, debt collection agencies to cease making various false representations in recruiting employees, making various false representations to clients/creditors as to how their accounts are handled, misrepresenting that respondents have a "Medical Service Division," using threats of legal action and simulated legal documents was originated by an independent auditing agency, using deceptive questionnaires, and implying that failure to pay respondents will injure debtor's reputation.

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 London Credit and Discount Corporation, Fidelity Credit Acceptance Corporation, Security Credit Acceptance Corporation and American Management and Business Service Corporation, corporations, and the individuals Richard B. Rosenkeimer, the founder and principal shareholder of London Credit and Discount Corporation, Fidelity Credit Acceptance Corporation, and Security Credit Acceptance Corporation; George M. Hyde, president and treasurer of American Management and Business Service Corporation and Security Credit Acceptance Corporation; Edward L. Weisbarth, president and treasurer of Fidelity Credit Acceptance Corporation; Kathryn R. Tibbetts, vice president and secretary of Fidelity Credit Acceptance Corporation and London Credit and Discount Corporation and a shareholder of Security Credit Acceptance Corporation and London Credit and Discount Corporation; H. Frank Gill, president, treasurer and shareholder of London Credit and Discount Corporation and sales manager of Fidelity Credit Acceptance Corporation; William C. Childs, vice president, secretary and sales manager of Security Credit Acceptance Corporation, and shareholder of London Credit and Discount Corporation; Robert F. Hitzel, president and treasurer and shareholder of Security

*Reported as amended by Hearing Examiner's order of June 22, 1970, by amending Paragraphs Ten and Eleven.

Complaint

78 F.T.C.

Credit Acceptance Corporation; and Sheldon H. Cyphers, sales manager of London Credit and Discount 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. London Credit and Discount Corporation (London) is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 10 West South Street, in the city of Painesville, State of Ohio. It was initially incorporated under the name London Credit Associates.

Respondents Richard B. Rosenkeimer, George M. Hyde, Kathryn R. Tibbetts, H. Frank Gill, Sheldon H. Cyphers, and William C. Childs are individuals and are either the founder, officers, managers, principal shareholders or directors of the corporation respondent. They formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. The address of Richard B. Rosenkeimer is 190 Liberty Street, Painesville, Ohio. The address of George M. Hyde is 8413 Mentor Avenue, Mentor, Ohio. The addresses of Kathryn R. Tibbetts, H. Frank Gill, and Sheldon H. Cyphers are 10 West South Street, Painesville, Ohio. The address of William C. Childs is 8430 Mentor Avenue, Mentor, Ohio.

Fidelity Credit Acceptance Corporation (Fidelity) is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio. This corporation was initially incorporated under the name United States Fidelity Acceptance Corporation. It has its principal office and place of business at 8407-8411 Mentor Avenue, Mentor, Ohio.

Respondents Richard B. Rosenkeimer, George M. Hyde, Edward L. Weisbarth, Kathryn R. Tibbetts, and H. Frank Gill are individuals and are either the founder, officers, managers, principal shareholders or directors 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. The address of Edward L. Weisbarth is 8407-8411 Mentor Avenue, Mentor, Ohio.

Security Credit Acceptance Corporation (Security) is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with the principal office and place of business located at 8430 Mentor Avenue, in the city of Mentor, State of Ohio.

Respondents Richard B. Rosenkeimer, George M. Hyde, Kathryn R. Tibbetts, William C. Childs, and Robert F. Hitzel are individuals and are either the founder, officers, managers, principal shareholders or directors 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. The address of Robert F. Hitzel is 8430 Mentor Avenue, Mentor, Ohio.

American Management and Business Service Corporation (American Management) is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 8413 Mentor Avenue in the city of Mentor, State of Ohio.

Respondent George M. Hyde is an individual and 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, and by and through and in connection with this corporate respondent he is responsible for the executive and management decisions of the corporate respondents, London Credit and Discount Corporation, Fidelity Credit Acceptance Corporation, and Security Credit Acceptance Corporation.

The aforementioned respondents cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the business of operating collection agencies under the names London Credit and Discount Corporation, Fidelity Credit Acceptance Corporation, and Security Credit Acceptance Corporation. Respondents solicit and receive alleged delinquent accounts for collection from retail businesses, professional people and others located in various States.

American Management and Business Service Corporation assists in executive and personnel recruiting, wage and salary administration, business equipment leasing, public relations counseling, sales development and promotion, and advertising programming and servicing for Fidelity Credit Acceptance Corporation and Security Credit Acceptance Corporation and formerly to London Credit and Discount Corporation, who in turn, pay or have paid substantial fees to American Management Business Corporation for the aforesaid services. In connection with the furnishing of the aforesaid services, American Management recruits brokers/salesmen by publishing or causing to be published advertisements in various newspapers throughout the United States and mails or causes to be mailed promotional material to prospective clients/creditors to provide leads to brokers/salesmen of Fidelity and Security.

Complaint

78 F.T.C.

PAR. 3. In the course and conduct of their aforesaid businesses, respondents have been engaged, and are now engaged, in extensive commercial intercourse in commerce among and between the various States of the United States. From their aforesaid places of business in the State of Ohio, respondents transmit to and receive from their clients/creditors in various other States of the United States, money, money orders, checks, letters, contracts, forms and other written instruments through the United States mails. Respondents also transmit through the United States mails across State lines, letters, forms, and various commercial documents to alleged debtors of their clients/creditors, and receive letters, money, money orders, checks and other written instruments from said alleged debtors located in the various States. Thus, 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. Respondents, in the course and conduct of their businesses, have formulated, developed and carried out a plan for the purpose of attracting and acquiring salesmen, referred to by them as "brokers," for the purpose of soliciting alleged delinquent accounts from various sources.

In furtherance of said plan, respondents have disseminated, and now disseminate or cause to be disseminated, classified advertisements in newspapers of general and interstate circulation and in newspapers throughout the United States and have made statements and representations respecting pay and allowances, designed and intended to induce individuals to apply as brokers/salesmen in respondents' organizations in reliance thereon.

If an interested individual responds to one of respondents' advertisements, he receives from respondents correspondence, brochures and promotional materials containing additional statements and representations respecting pay and allowances.

In the aforesaid manner, the respondents have represented, and are now representing, directly or by implication, that:

1. Persons employed by respondents are guaranteed \$150 weekly to help them get started as brokers/salesmen.
2. Brokers/salesmen will receive a drawing account of at least \$200 weekly after they get into production.
3. The \$150 weekly guarantee is paid to all persons employed by respondents as brokers/salesmen without condition or limitation.

PAR. 5. In truth and in fact:

1. Only approximately 20 percent of the total active brokers/salesmen of all three corporate respondents' debt collection agencies ever

received the \$150 weekly earnings guarantee and in most instances they received said earnings guarantee only once.

2. Brokers/salesmen in only a few instances receive a drawing account of at least \$200 weekly after they get into production.

3. The \$150 weekly guarantee is not paid to all persons employed by respondents as brokers/salesmen without condition or limitation, but is paid only to those who furnish respondents 200 accounts per week for collection.

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

PAR. 6. In the course and conduct of their businesses, and for the purpose of soliciting alleged delinquent accounts, respondents have made and are now making numerous statements and representations in promotional material, brochures and application and agreement forms and in the oral sales presentations by their representatives to prospective clients/creditors respecting fees, charges, discounting of accounts, remission of money collected and accounting and services.

By and through the use of the aforesaid statements and representations contained in said promotional material, brochures and forms, separately and in connection with the oral statements and representations of their salesmen and representatives, the respondents have represented, and are now representing, directly or by implication that:

1. Respondents' 30 percent, or any other stated percentage, collection fee is based on the actual amount collected on the alleged delinquent account.

2. Respondents' \$3 minimum charge applies only on accounts that are collected either fully or partially by respondents and then only when the stated percentage charge would actually be less than the \$3 minimum charge.

3. Alleged delinquent accounts will be purchased and discounted by respondents for 85¢ on the dollar for value or for some specified percentage of the face amount of said accounts without recourse and with no further obligation, financial or otherwise, on the part of the creditor.

4. Monies collected by respondents from alleged delinquent accounts of clients/creditors will be remitted by respondents to clients/creditors immediately upon receipt.

5. Periodic progress reports will be rendered by respondents to their clients/creditors concerning the status of alleged delinquent accounts assigned to respondents for their collection.

6. Respondents have a "Medical Service Division" which is spe-

cially staffed, established and operated to service delinquent accounts assigned by members of the medical profession.

PAR. 7. In truth and in fact:

1. Respondents' 30 percent, or any other stated percentage collection fee, is not based on the actual amount collected on alleged delinquent accounts, but, on the contrary, respondents' 30 percent, or any other stated percentage collection fee is based on the face amount of the alleged delinquent account.

2. Respondents' \$3 minimum charge applies as soon as respondents make a collection on at least one individual account of a client/creditor, and said charge applies both to that account, regardless of the amount collected, and to each and every other individual account of that client/creditor; and payment of such minimum charge as to each and every such account is thereupon due to respondents, regardless of whether respondents have collected or thereafter collect any amount on any of the remaining individual accounts.

3. Few alleged delinquent accounts are ever purchased and discounted by respondents for 85 cents on the dollar face value or for some specified percentage of the face amount of said accounts without recourse and with no further obligation, financial or otherwise, on the part of the creditor. Through subterfuge and misrepresentation respondents are able to acquire said accounts on a collection fee basis.

4. Monies collected by respondents from alleged delinquent accounts of clients/creditors are not remitted by respondents to clients/creditors immediately upon receipt. Respondents have refused to remit such money for the reason that clients/creditors have failed to make a written request for it at the end of a 180 day period. This condition is not clearly revealed and is asserted by respondents only through a devious interpretation of the so-called "Application and Agreement" entered into by the parties.

5. Periodic progress reports are seldom rendered by respondents to their clients/creditors.

6. Respondents, or any of them, do not have a "Medical Service Division," specially staffed, established and operated to service delinquent accounts of members of the medical profession.

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

PAR. 8. Respondents, in the course and conduct of their aforesaid businesses, and for the purpose of inducing the payment of alleged delinquent accounts, transmit and mail, and cause to be transmitted and mailed, to alleged delinquent debtors, various form let-

ters and other printed material containing statements and representations respecting respondents' business organization, the institution of legal action, and the origin, source and purpose of demands and credit status.

In the aforesaid manner, respondents have represented and now represent, directly or by implication, that:

1. Respondents' organizations include bona fide functional and operational divisions, departments and offices with certain named employees serving in certain stated capacities in those divisions, departments and offices.

2. Respondents' will institute legal action to effect judgment, garnishment and/or attachment against an alleged debtor to collect an alleged delinquent account.

3. Certain forms such as, for example, one headed "Final Notice To" and used by respondents to attempt to collect alleged delinquent accounts from alleged debtors are bona fide and official legal process forms issued or approved by a court of law or other authority.

4. A certain form letter from "A. M. Abbott, Examiner," used by respondents to obtain information from an alleged debtor, is from an independent auditing agency, or an independent bona fide office or official who is requesting credit information from the alleged debtor.

5. Respondents are requesting credit information from third parties or from the alleged debtor prior to the extension of credit to an alleged debtor.

6. Failure by the alleged debtor to make payments to the corporate respondents' collection agencies will result in harm to the alleged debtor's reputation, impairment of his credit standing and cause embarrassment, fear and concern from inquiries that will be made about him.

PAR. 9. In truth and in fact:

1. Respondents' organizations do not include bona fide functional and operational divisions, departments and offices with named employees serving in stated capacities in those divisions, departments and offices. Departments, divisions and offices designated, for example, as "Liquidation Division," "Legal Disposition Official," "Collection Supervisor," are not bona fide functional and operational departments, divisions, offices and titles; certain names on form letters, such as "K.L. Morgan," "R.B. Powell," and "N.R. Evans," are fictitious.

2. Respondents do not institute legal action to accomplish the collection of alleged debts but, on the contrary, the only action taken to

collect alleged delinquent accounts is to mail form letters which threaten legal action.

3. Certain forms used by respondents in attempting to collect alleged delinquent accounts are not bona fide and official legal process forms issued or approved by a court of law or other authority. But, on the contrary, such forms are simulated legal process forms and are wholly private in their origin.

4. An independent auditing agency, or an independent and bona fide office or official is not requesting credit information from the alleged debtor. The certain form letter from "Office of Examiner, A.M. Abbott, Examiner," sent to alleged debtors is not from an independent auditing agency, nor from a bona fide office or official but, on the contrary, said form letter is prepared and mailed by respondents.

5. Form letters sent by respondents to third parties and/or alleged debtors are not for the purpose of obtaining credit information prior to the extension of credit to alleged debtors but, on the contrary, are forms designed and intended to obtain information about the alleged debtor without disclosing the real purpose of the inquiry.

6. Respondents perform no credit reporting services and consequently make no reports, favorable or unfavorable, that would either enhance or impair an alleged debtor's credit standing and harm his reputation nor do respondents make any inquiries that would cause the alleged debtor embarrassment, fear or concern. But, on the contrary, respondents' form letters which are sent through the mails to alleged debtors are designed and calculated to threaten alleged debtors into making payments to respondents on their alleged delinquent accounts by intimidation and coercion.

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

PAR. 10. By and through the use of the terms "Credit Acceptance" and "Credit and Discount" as part of the corporate names of London Credit and Discount Corporation, Fidelity Credit Acceptance Corporation, and Security Credit Acceptance Corporation, respondents have represented and now represent, directly or by implication that said corporate respondents are engaged in the business of operating finance companies which involves, for example, the purchasing, accepting or otherwise acquiring retail installment contracts, obligations, or credit agreements made by and between other parties, or any interest therein; and operating small loan companies which involves, for example, the making of loans or extending credit to individuals and charging, contracting for or receiving on such loans a rate of interest, discount or consideration.

PAR. 11. In truth and in fact, London Credit and Discount Corporation, Fidelity Credit Acceptance Corporation, and Security Credit Acceptance Corporation are not engaged in the businesses of operating finance companies and small loan companies as described in Paragraph Ten above. To the contrary, respondents' London, Fidelity and Security are essentially in the business of soliciting alleged delinquent accounts for collection on a percentage or minimum fee basis.

Therefore, the use of the terms "Credit Acceptance" and "Credit and Discount" in respondents trade names as set forth in Paragraph Ten hereof were and are false, misleading and deceptive.

PAR. 12. 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 public, including prospective brokers/salesmen and brokers/salesmen, alleged debtors, prospective clients/creditors and clients/creditors, into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of respondents' services by creditors and the payment of accounts by alleged debtors to respondents, by reason of erroneous and mistaken belief.

The use by respondents of the aforesaid statements and representations in connection with the recruitment of brokers/salesmen to sell respondents' services, has had, and now has, the capacity and tendency to mislead prospective brokers/salesmen into the erroneous and mistaken belief that such statements and representations were, and are, true and to induce them to respond to such advertisements and to enter into respondents' employment in reliance thereon.

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 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 issued its complaint on March 30, 1970, charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with a copy of that complaint; and

The Commission having duly determined upon motion certified to the Commission that, in the circumstances presented, the public interest would be served by waiver here of the provision of Section

2.34(d) of its Rules that the consent order procedure shall not be available after issuance of complaint; 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, 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 aforesaid agreement and having determined that it provides an adequate basis for appropriate disposition of this proceeding, the agreement is hereby accepted, the following jurisdictional findings are made, and the following order is entered:

1. Respondent London Credit and Discount Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its office and principal place of business located in Mentor, Ohio.

Respondents Kathryn R. Tibbetts and William C. Childs are officers, directors or shareholders of said corporation and formulate, direct and control the policies, acts and practices of said corporation, and their address is the same as that of said corporation.

Respondent Fidelity Credit Acceptance Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its office and principal place of business located in Mentor, Ohio.

Respondents Edward L. Weisbarth, Kathryn R. Tibbetts, Robert F. Hitzel, and George M. Hyde are officers, directors or shareholders of said corporation and formulate, direct and control the policies, acts and practices of said corporation, and their address is the same as that of said corporation.

Respondent Security Credit Acceptance Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its office and principal place of business located in Mentor, Ohio.

Respondents Robert F. Hitzel, William C. Childs, George M. Hyde and Kathryn R. Tibbetts are officers, directors or shareholders of said corporation and formulate, direct and control the policies, acts and practices of said corporation, and 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 London Credit and Discount Corporation, Fidelity Credit Acceptance Corporation, and Security Credit Acceptance Corporation, corporations, and their officers, and George M. Hyde, Edward L. Weisbarth, Kathryn R. Tibbetts, H. Frank Gill, William C. Childs, Robert F. Hitzel and Sheldon H. Cyphers, individually and as either officers, managers, principal shareholders, directors, or founder of said corporations, 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 any service or printed matter for use in the collection of claims or accounts, the solicitation of accounts or contracts therefor, or the collection of accounts, or any other product or service, 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 respondents guarantee \$150 weekly earnings or any other amount to brokers/salesmen employed to solicit accounts for collection by respondents without clearly and conspicuously revealing in immediate connection therewith (a) all of the terms, conditions and limitations necessary for the receipt of the guaranteed weekly earnings and (b) the actual number and percentage of those brokers/salesmen employed by each corporate respondent during the preceding calendar year who qualified and received the guaranteed weekly earnings and the average period of time these brokers/salesmen continued to receive the guaranteed weekly earnings, in relation to the total number of brokers/salesmen employed by each corporate respondent during the preceding calendar year.

2. Representing, directly or by implication, that brokers/salesmen employed to solicit accounts for collection by respondents will receive earnings in any specified amount without clearly and conspicuously revealing in immediate connection therewith the actual number and percentage of those brokers/salesmen employed by each corporate respondent during the preceding calendar year who qualified and received the represented earnings and the average period of time these brokers/salesmen continued to receive such earnings, in relation to the total num-

Decision and Order

78 F.T.C.

ber of brokers/salesmen employed by each corporate respondent during the preceding calendar year.

3. Representing, directly or by implication, that brokers/salesmen employed to solicit accounts for collection by respondents will receive a drawing account of at least \$200 weekly or any other amount after the brokers/salesmen get into production without clearly and conspicuously disclosing, orally and in writing in immediate connection therewith (a) all of the terms, conditions and limitations applicable thereto, and (b) the actual number and percentage of those brokers/salesmen employed by each corporate respondent during the preceding calendar year who qualified and received a weekly drawing account and the average period of time these brokers/salesmen continued to receive the weekly drawing account, in relation to the total number of all brokers/salesmen employed by each corporate respondent during the preceding calendar year.

4. Misrepresenting, in any manner, the earnings, compensation or profits of their brokers/salesmen employed to solicit accounts for collection by respondents.

5. Representing, directly or by implication, that brokers/salesmen employed to solicit accounts for collection by respondents will realize earnings, compensation, profits or income of any stated amounts or percentage of amounts without clearly and conspicuously revealing in immediate connection therewith all of the terms, conditions and limitations necessary for the receipt and retention of earnings, compensation, profits or income of any stated amounts or percentage of amounts.

6. Representing, directly or by implication, that the percentage fee to be charged or retained by respondents is based on the actual amount collected from an account or accounts, unless in every instance the percentage fee to be charged or retained by respondents is based on the actual amount collected.

7. Failing to clearly and conspicuously disclose, orally and in writing, to a client/creditor or prospective client/creditor (a) that the percentage fee to be charged or retained by respondents is based on the full face amount of an account to be collected by respondents and that funds are not remitted to the client/creditor until respondents have received their entire stated fee; (b) or any other basis upon which fees are charged, retained or remitted.

8. Representing, directly or by implication, that respondents' \$3 minimum charge or any other minimum charge applies only

when some type of collection is made on alleged delinquent accounts assigned to respondents by a client/creditor, unless in every instance respondents' \$3 minimum charge or any other minimum charge does apply only when some type of collection is made on alleged delinquent accounts assigned to respondents by a client/creditor.

9. Failing to clearly and conspicuously disclose, orally and in writing, to a client/creditor or prospective client/creditor that as soon as respondents make a collection on at least one individual account of a client/creditor, the basic \$3 minimum charge, or any other stated minimum charge, thereupon applies both to that account, regardless of the amount collected, and to each and every other individual account of that client/creditor; and payment of such minimum charge as to each and every such account is thereupon due to respondents, regardless of whether respondents have then collected or thereafter collect any amount on any of the remaining individual accounts.

10. Misrepresenting, in any manner, the terms, conditions or basis upon which a stated charge or percentage fee is applicable to an account or accounts.

11. Representing, directly or by implication, that respondents discount alleged delinquent accounts of prospective clients/creditors or clients/creditors on an immediate cash basis, without clearly and conspicuously disclosing in immediate connection therewith, orally and in writing, the number, percentage and dollar amounts of all accounts discounted on an immediate cash basis during the preceding calendar year in relation to the total number of accounts processed for collection by respondents over the same period of time, as to which the clients/creditors requested said discounting.

12. Failing to clearly and conspicuously disclose to a client/creditor, in every instance when a client/creditor signs an authorization waiving the preliminary audit of his accounts, (a) that he loses whatever opportunity he may have to discount his accounts, or any of them, on an immediate cash basis; (b) all accounts thereby will be processed on a percentage fee or minimum charge; and (c) all other terms, conditions and limitations in connection therewith.

13. Representing, directly or by implication, that remittances of monies collected by respondents will be made to the creditor immediately upon their receipt by respondents or within a specified period of time, unless in every instance respondents do

remit monies collected by them to the creditor immediately upon their receipt by respondents or within the period of time so specified.

14. Failing to remit all monies due clients/creditors or any other person or persons lawfully entitled to receive said monies within 180 days of the date of execution of the Application-Agreement.

15. Failing to remit to all clients/creditors on whose behalf collections have been made in whole or in part and to whom full remittance has not been made as of the effective date of this order, such sums as would be due upon timely written application by the clients/creditors.

16. Representing, directly or by implication, that reports as to the status of or the progress made in the collection of accounts will be made to respondents' clients/creditors, unless in every instance said reports as to status of or the progress made in the collection of accounts are made to respondents' clients/creditors.

17. Representing, directly or by implication, that respondents, or any of them, have a "Medical Service Division" which is specially staffed, established and operated to service delinquent accounts assigned by members of the medical profession or any other division, branch or organizational unit specially staffed and operated to service a particular category of accounts or perform any other functions in connection therewith, unless in every instance respondents do have such divisions, branches or organizational units which are specially staffed, established and operated to service such accounts and perform other functions in connection therewith.

18. Using any names, organizational designations or descriptions in connection with their businesses which are fictitious or misrepresenting, directly or by implication, the nature or size of their businesses.

19. Using threats of legal proceedings in an attempt to gain payment of accounts, when in fact legal proceedings are not to be employed as a collection device.

20. 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 course, authorization or approval of any document.

21. Representing, directly or by implication, that any letter,

demand, inquiry or other communication originated by respondents was originated by an independent auditing agency or any other person, firm or corporation.

22. Using any form, questionnaire or other material, printed or written, for the purpose of obtaining credit information, which does not clearly and conspicuously reveal that the purpose for which the information is requested is that of obtaining credit information concerning alleged delinquent debtors or in the collection of, or attempting to collect alleged delinquent accounts.

23. Representing, directly or by implication, that failure of an alleged debtor to make payments to respondents will result in harm to said debtor's reputation, impairment of his credit standing or cause embarrassment, fear or concern from inquiries that will be made about him.

24. Including in any of respondents' contracts any clause which is directly or indirectly in conflict with any provision of this order.

It is further ordered, That respondents shall institute a program of compliance for brokers/salesmen or other persons employed to solicit accounts for collection by respondents to insure that said brokers/salesmen or other persons employed to solicit accounts for collection by respondents observe the terms of this order. Said program of compliance shall be carried out in the following manner, to wit:

(a) Respondents shall require each present and future broker/salesman or other person employed to solicit accounts for collection by respondents, as a condition of undertaking and continuing employment, to sign and return to respondents a form clearly stating his intention to refrain from deceptive representations or deceptive means to solicit accounts for collection by respondents, including but not limited to charging of percentage fees, application of minimum charges, discounting of accounts or waiver thereof, remittances of monies collected, status or progress reports or divisional or organizational structure of respondents' business.

(b) Respondents shall maintain and make available records relative to complaints received by respondents involving the acts and practices prohibited by this order and which describe steps taken by respondents to investigate and dispose of said complaints. Said records shall be maintained for at least 24 months.

It is further ordered, That the respondent corporations shall forth-

Complaint

78 F.T.C.

with distribute a copy of this order to each of their operating divisions.

It is further ordered, That the complaint served on American Management and Business Service Corporation and Richard B. Rosenkeimer, hereinbefore named as respondents in the caption to this proceeding, said complaint having been withdrawn from adjudication by the Commission by order dated November 10, 1970, be and the same is hereby dismissed, without prejudice to the Commission to institute such future proceedings against said named parties as the Commission in its discretion may deem warranted.

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