

IN THE MATTER OF  
CTC COLLECTIONS, INC., ET AL.

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

*Docket C-2682. Complaint, July 14, 1975--Decision, July 14, 1975*

Consent order requiring a West Orange, N.J., debt collection agency, among other things to cease using unfair and deceptive form letters in collecting consumer debts.

*Appearances*

For the Commission: *Elliot Feinberg.*

For the respondents: *Charles M. Schmidt, Long Branch, N.J.*

## 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 CTC Collections, Inc., a corporation, and Loretta Fusaro and Kathleen O'Connor, individually and as officers of said corporation, hereinafter sometimes 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 CTC Collections, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey with its principal office and place of business located at 91 Main St., West Orange, N.J.

Respondents Loretta Fusaro and Kathleen O'Connor 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 practice of collecting or attempting to collect any and all kinds of alleged delinquent accounts.

PAR. 3. In the course and conduct of their business as aforesaid, respondents solicit and receive accounts for collection from businesses and professional people located in the State of New Jersey and in various other States of the United States, which accounts the respondents seek thereafter to collect from debtors in the State of New Jersey. In the further course and conduct of their business, respondents transmit collection messages from their place of business within the State of New Jersey to debtors and third parties located in the various other States of the United States. The 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, and at all times mentioned herein, respondents have been and now are, in competition in commerce with other corporations, firms and individuals in the attempted collection and collection of consumer debts on behalf of creditors.

PAR. 5. In the course and conduct of their business as aforesaid, and for the purpose of inducing consumers to pay allegedly delinquent accounts, respondents have transmitted and caused to be transmit-

ted, and are now transmitting and causing to be transmitted form letters, demands for payment and other printed material.

Typical and illustrative of the statements and representations made in said forms and printed materials, but not all inclusive thereof, are the following:

1. The account shown above has been put into our hands for immediate collection and with complete authority to enforce payment and to record this item on your credit history file and to report to such credit agencies as we deem appropriate.

2. Unless payment is received by immediate return mail, we will proceed with other legal means to collect this debt.

3. We know this account can now be collected and since you have not been in touch with us, we are going to proceed with every legal means available to us. This will be costly and time-consuming for you, and can only be avoided by your *immediate* remittance.

4. This is a legal five-day notice before the above creditor brings court suit for the purpose of attaching your pay, property and bank accounts to satisfy this debt.

Unless satisfactory arrangements are made with us for the payment of this debt before that time, you will be served with legal summons by a constable for appearance in court.

5. Therefore: If payment is not received on or before the —— day of ———— A.D., 19——, proceedings may be taken against you by default.

PAR. 6. By and through the use of the aforesaid statements and representations, and others of similar import and meaning but not expressly set out herein, respondents represent and have represented, directly or by implication, that:

1. Respondents have unlimited authority to collect accounts placed with respondents for collection and are authorized to disclose information regarding these accounts to credit reporting agencies.

2. The failure to pay the amount claimed as owing within the time period(s) specified will result in legal action against the debtor.

3. The failure to agree to pay the amount claimed as owing will result in attachment proceedings against the property and wages of the debtor.

PAR. 7. In truth and in fact:

1. Respondents' authority to collect debts is limited and respondents do not have the authority to report on their accounts to credit reporting agencies.

2. The failure of a debtor to pay the amount claimed as owing within the time period(s) specified does not result in most instances in the institution of legal action to effect payment.

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3. The failure of a debtor to pay the amount claimed as owing within the time period(s) specified does not result in most instances in the institution of attachment proceedings to effect payment.

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

PAR. 8. In the course and conduct of their business as aforesaid, and for the purpose of inducing consumers to pay allegedly delinquent accounts, respondents have transmitted and caused to be transmitted, and are now transmitting and causing to be transmitted form letters, demands for payment and other printed material.

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

## FINAL NOTICE Before Suit

State of New Jersey, }  
County of Essex } ss.:

Creditor \_\_\_\_\_

Debtor \_\_\_\_\_

### To The Above Named Debtor

**Take Notice:** You are hereby notified that this is your final opportunity to pay your legal debt of \$\_\_\_\_\_ due the above named Creditor.

**Therefore:** If payment is not received on or before the \_\_\_\_\_ day of \_\_\_\_\_ A.D., 19\_\_\_\_, proceedings may be taken against you by default.

#### JUDGMENT WILL BE ASKED TO INCLUDE

- I. FULL PRINCIPAL DUE
- II. MAXIMUM LEGAL RATE OF INTEREST
- III. ALL COURT COSTS
- IV. ALL COSTS OF COLLECTION
- V. REASONABLE ATTORNEYS FEES

Executed this \_\_\_\_\_ day of \_\_\_\_\_, A.D., 19\_\_\_\_, in the State and County aforesaid.

Signed \_\_\_\_\_

Ⓢ MAKE PAYMENT TO CTC COLLECTIONS  
91 Main Street, West Orange, N. J. 07052

# Final Notice Before Suit

Creditor \_\_\_\_\_

Debtor \_\_\_\_\_

State of \_\_\_\_\_

County of \_\_\_\_\_

**CTC** COLLECTIONS, INC.

P.O. Box 31 Town Center Branch  
91 Main Street  
West Orange, New Jersey 07052  
tel.: (201) 736-3964

BONDED

TO:

REGARDING YOUR ACCOUNT WITH:

BALANCE DUE:

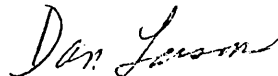
Regarding your account with:

Balance Due:

Your promise to have a payment in this office on the above account  
on \_\_\_\_\_ has not been kept.

We accepted this promise as being in good faith. We can have no  
patience with false or misleading promises. Unless payment is  
received by immediate return mail, we will proceed with other legal  
means to collect this debt.

We have been cooperative with you and we will not stand for being  
treated in this evasive manner. We have many means at our disposal  
to collect this money, all of them distasteful and expensive to you.  
Do yourself a favor and send the payment today. Save yourself a lot  
of unwanted difficulties.



SEND ALL PAYMENTS DIRECT TO THIS OFFICE ONLY

Return top portion with remittance.

PAR. 9. By and through the use of said forms and the statements and representations set forth therein and others of similar import and meaning but not expressly set out herein, respondents represent and have represented, directly or by implication, that:

1. Said "Final Notice" document in form and content is an official document duly issued or approved by a court of law.
2. Judgment may be entered against the debtor without further notice to the debtor.
3. The creditor has the post judgment rights stated in said forms.

PAR. 10. In truth and in fact:

1. Said "Final Notice" form is not an official document duly issued or approved by a court of law, but on the contrary is wholly private in origin.
2. Judgment may not be entered against the consumer without further notice to the consumer but on the contrary the debtor is entitled to notice and an opportunity to appear and defend himself in a court of law prior to the entry of a judgment.
3. The creditor's rights enumerated are incomplete, inaccurate and vague and are stated to intimidate the debtor rather than to inform him of the creditor's legal rights.

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

PAR. 11. The use by respondents of the aforementioned false, misleading, deceptive and unfair statements, representations and forms has had, and now has, the tendency and capacity to deceive and mislead persons into the erroneous and mistaken belief that said statements and representations were and are true, and induce the recipients thereof to supply information which they otherwise would not have supplied and into the payment of accounts to respondents, by reason of said erroneous and mistaken belief.

PAR. 12. The aforesaid acts and practices of respondents, as herein alleged, are unethical, oppressive, exploitative and cause substantial injury to consumers, and constituted, and now constitute unfair acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

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 respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce 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 New York Regional Office 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 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 thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent CTC Collections, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its office and principal place of business located at 91 Main St., West Orange, N.J.

Respondents Loretta Fusaro and Kathleen O'Connor are officers of the aforementioned corporate respondent. They formulate, direct and control the 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 respondent CTC Collections, Inc., a corporation, its successors and assigns, and its officers Loretta Fusaro and Kathleen O'Connor, individually and as officers of said corporation and respondents' agents, representatives and employees, directly or through any

corporation, subsidiary, division or other device, in connection with the collection of consumer debts, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing in any manner, directly or by implication, that respondents possess unlimited authority to collect accounts on behalf of their creditor-clients; or misrepresenting, in any manner, respondents' authority to collect debts on behalf of a creditor.

2. Representing in any manner, directly or by implication, that respondents possess the authority or intend to disclose information regarding debtors to a credit reporting agency.

3. Representing in any manner, directly or by implication, that legal action, including attachment or garnishment proceedings, has been initiated or is being initiated unless respondents have in fact instituted the legal action represented; or that such legal action will be initiated unless respondents are able to establish that at the time the representation was made respondents intended in good faith to institute the legal action represented.

4. Using any form to collect debts or debtor information which simulates a judicial document or is represented by any means to be a document authorized, issued, or approved by a court of law or any other official or legally constituted judicial authority; or misrepresenting, in any manner, the official nature of any document utilized in the collection of debts.

5. Representing in any manner, directly or by implication, that judgment may be entered against a debtor without the debtor having notice of the legal action and an opportunity to appear and defend himself in a court of law.

6. Informing a debtor of a creditor's right after judgment without disclosing at the same time that no judgment may be entered against the debtor unless the debtor has first been given notice and an opportunity to appear and defend himself in a court of law.

7. Representing in any manner, directly or by implication, the post judgment rights of a creditor unless said rights are in fact as specifically represented in the jurisdiction in which collection is sought; or misrepresenting in any manner, directly or by implication, the post judgment rights of a creditor.

*It is further ordered,* That respondents shall maintain for a period of two years with respect to each delinquent debtor, records which shall consist of copies of all collection letters, dunning notices, requests for information and similar correspondence delivered to such debtor or third parties or an indication of what form items were sent; a record or tabulation of all telephone calls made to or about the debtor showing the identity of the caller, the date and time of the call, the identity of

the recipient of the call, the telephone number called, the purpose and result of the call; and copies of all documents pertaining to collection efforts such as referrals to lawyers or other agencies and legal documents utilized in collection efforts.

*It is further ordered,* That the respondents shall forthwith distribute a copy of this order to each of their operating divisions, collection managers and to all personnel or other parties including attorneys and collection agencies responsible for or engaged in collection of consumer debts.

*It is further ordered,* That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment, or sale resulting in the emergence of a successor corporation or corporations, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

*It is further ordered,* That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business address and a statement as to the nature of the business or employment in which they are engaged as well as a description of their duties and responsibilities.

*It is further ordered,* That no provision of this order shall be construed in any way to annul, invalidate, repeal, terminate, modify or exempt respondents from complying with agreements, orders or directives of any kind obtained by any other agency or act as a defense to actions instituted by municipal or State regulatory agencies. No provision of this order shall be construed to imply that any past or future conduct of respondents complies with the rules and regulations of, or the statutes administered by the Federal Trade Commission.

*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  
BENEFICIAL CORPORATION, ET AL.

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

*Docket 8922. Complaint, Apr. 10, 1973 - Decision, July 15, 1975*

Order requiring a Wilmington, Del., seller of personal income tax preparation services and its wholly-owned subsidiary located in Morristown, N.J., among other things to cease misrepresenting the terms and conditions of its guarantees, using the term "instant tax refund," and misusing confidential information obtained from taxpayer customers.

*Appearances*

For the Commission: *David C. Fix* and *Robert D. Friedman*.

For the respondents: *Edgar T. Higgins*, Morristown, N.J., *Hogan & Hartson*, Wash., D.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 Beneficial Corporation and Beneficial Management Corporation, corporations, 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 Beneficial Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 1300 Market St. in the city of Wilmington, State of Delaware.

Respondent Beneficial Management Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey with its principal office and place of business located at 200 South St., in the city of Morristown, State of New Jersey. It is a wholly-owned subsidiary of, and is managed, directed and controlled by, respondent Beneficial Corporation.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale and sale of personal income tax preparation services and the extension of consumer credit to the general public.

Respondents sell their aforesaid products and services directly and