

IN THE MATTER OF
NATIONWIDE ACCEPTANCE CORPORATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
FAIR CREDIT REPORTING ACT AND SEC. 5 OF
THE FEDERAL TRADE COMMISSION ACT

Docket C-3309. Complaint, Oct. 18, 1990—Decision, Oct. 18, 1990

This consent order requires, among other things, a Chicago, Ill., based corporation to cease and desist from failing to disclose required information under the Fair Credit Reporting Act. It also requires the respondent to mail informational brochures and letters, which disclose certain required information, to all applicants who were rejected for consumer credit or charged an increased amount for credit, based on a report from a consumer reporting agency or third party, between July 1, 1988 and December 31, 1989.

Appearances

For the Commission: *Sandra M. Wilmore.*

For the respondent: *Lawrence X. Pusateri, Peterson, Ross, Schloerb & Siedel, Chicago, IL.*

COMPLAINT

Pursuant to the provisions of the Fair Credit Reporting Act and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Nationwide Acceptance Corporation, a corporation, hereinafter referred to as respondent, has violated the provisions of said Acts, 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 Nationwide Acceptance Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 3435 North Cicero Avenue, Chicago, Illinois.

PAR. 2. Respondent has been and is not engaged in the offering and extension of consumer credit.

PAR. 3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

DEFINITIONS

For the purposes of the complaint, the following definitions are applicable. The terms "consumer," "consumer report," and "consumer reporting agency" shall be defined as provided in Sections 603(c), 603(d), and 603(f), respectively, of the Fair Credit Reporting Act, 15 U.S.C. 1681, 1681a(c), 1681a(d) and 1681a(f).

PAR. 4. Respondent, in the ordinary course and conduct of its business, has denied applications for consumer credit or has increased the charge for such credit based in whole or in part on information supplied by a consumer reporting agency, but has failed to advise consumers that the information so supplied contributed to the adverse action taken on their applications, and has failed to advise consumers of the name and address of the consumer reporting agency that supplied the information.

PAR. 5. By and through the use of the practices described in paragraph four, respondent has violated the provisions of Section 615(a) of the Fair Credit Reporting Act.

PAR. 6. Respondent, in the ordinary course and conduct of its business, has denied applications for consumer credit or has increased the charge for such credit based in whole or in part on information obtained from persons other than consumer reporting agencies bearing on consumers' creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living and has failed to advise consumers of the nature of the information considered or of their right to request the nature of the information considered.

PAR. 7. By and through the use of the practices described in paragraph six, respondent has violated the provisions of Section 615(b) of the Fair Credit Reporting Act.

PAR. 8. By its aforesaid failure to comply with Section 615(a) and 615(b) of the Fair Credit Reporting Act and pursuant to Section 621(a) thereof, respondent has engaged in unfair and deceptive acts or practices in or affecting commerce in violation of Section 5(a)(1) of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Fair Credit Reporting Act and the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent 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 respondent 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 respondent has violated the said Acts, and that complaint should issue stating the 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 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent, Nationwide Acceptance Corporation, is a corporation organized, existing and doing business under and by virtue of the laws of State of Delaware, with its office and principal place of business located at 3435 North Cicero Avenue, Chicago, Illinois.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

For the purpose of this order, the terms "consumer," "consumer report," and "consumer reporting agency" shall be defined as provided in Sections 603(c), 603(d), and 603(f), respectively, of the

Fair Credit Reporting Act, 15 U.S.C. 1681, 1681a(c), 1681a(d) and 1681a(f).

I.

It is ordered, That respondent Nationwide Acceptance Corporation, a corporation, its successors and assigns, and its officers, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any application for consumer credit, do forthwith cease and desist from:

1. Failing, whenever consumer credit is denied or the charge for such credit is increased either wholly or partly because of information contained in a consumer report from a consumer reporting agency, to disclose to the applicant at the time the adverse action is communicated to the applicant (a) that the adverse action was based wholly or partly on information contained in such a report and (b) the name and address of the consumer reporting agency making the report.

2. Failing, within ninety (90) days after the date of service of this order, to mail a copy of the letter attached hereto as Appendix A, completed to provide the name and address of the consumer reporting agency supplying the report and to state the reasons for the denial of credit or the increased charge for credit based wholly or partly on information contained in the report, to each applicant who was denied credit by Nationwide Acceptance Corporation between July 1, 1988, and December 31, 1989, based in whole or in part on information contained in a consumer report from a consumer reporting agency, such letter to be sent by first class mail to the last known address of the applicant that is reflected in respondent's files, and accompanied by a copy of each of the FTC brochures attached hereto as Appendix C and D; *provided, however*, if the applicant was later extended credit or given the notice required by Section 615(a) of the Fair Credit Reporting Act, a copy of the letter attached as Appendix A need not be sent.

3. Failing, whenever consumer credit is denied or the charge for such credit is increased either wholly or partly because of information obtained from a person other than a consumer reporting agency bearing on the consumer's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics or mode of living, to disclose to the applicant at the time that the adverse action is communicated to the applicant the nature of the information

considered or the consumer's right to request the nature of the information considered.

4. Failing, within ninety (90) days after the date of service of this order, to mail a copy of the letter attached hereto as Appendix B, completed to provide the nature and source of information obtained from a third party other than a credit reporting agency and to state the reasons for the denial of credit or the increased charge for credit based wholly or partly on such information, to each applicant who was denied credit by Nationwide Acceptance Corporation between July 1, 1988, and December 31, 1989, based in whole or in part on information obtained from a third party other than a credit reporting agency, such letter to be sent by first class mail to the last known address of the applicant that is reflected in respondent's files, and accompanied by a copy of each of the FTC brochures attached hereto as Appendix C and D; *provided, however*, if the applicant was later extended credit or given the notice required by Section 615(b) of the Fair Credit Reporting Act, a copy of the letter attached as Appendix B need not be sent.

II.

It is further ordered, That respondent, its successors, and assigns shall maintain for at least two (2) years and upon request shall make available to the Federal Trade Commission for inspection and copying, documents demonstrating compliance with the requirements of paragraph I.1 to I.4 of this order, such documents to include, but not be limited to, all credit evaluation criteria, instructions given to employees regarding compliance with the provisions of this order, any notices provided to consumers pursuant to any provisions of this order, and the complete application files to which they relate.

III.

It is further ordered, That respondent shall deliver a copy of this order at least once per year for a period of four (4) years from the date of this order, to all present and future employees engaged in reviewing or evaluating applications for consumer credit.

IV.

It is further ordered, That respondent shall, for a period of four (4)

years from the date of this order, notify the Federal Trade Commission at least thirty (30) days prior to any proposed change in the corporate structure of respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or divisions, or any other change in the corporation which may affect compliance obligations arising out of the order.

V.

It is further ordered, That respondent shall, within one hundred fifty (150) days of service of this order, file with the Federal Trade Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

APPENDIX A

Dear Customer:

Our records show that sometime within the last two years, Nationwide Acceptance Corporation denied your application for consumer credit. The federal Fair Credit Reporting Act gives persons who are denied consumer credit the right to know whether the denial was based on information supplied by a consumer reporting agency or credit bureau, and, if so, the name and address of the credit bureau.

Our records show that when we denied your application, we may not have told you that our decision was based, at least in part, on information contained in your credit report and may not have given you the reasons for our decision. The credit bureau that furnished the report is:

[Name of Consumer Reporting Agency]

[Street Address]

You should contact the credit bureau to learn what information is in your file. You may obtain this information without charge if you contact the credit bureau within 30 days. An extra copy of this notice is enclosed so that you may give it to the credit bureau when you request to review your file.

The information in your credit report led us to deny your application for the following reason(s):

- no credit file
- unable to verify credit references
- delinquent past or present obligations with others
- excessive obligations in relation to income
- garnishment, attachment, foreclosure, repossession, collection action or judgment

893

Decision and Order

- bankruptcy
- other: _____

Brochures explaining your rights under the federal credit laws are enclosed. If you want more information about your rights, write to the Federal Trade Commission, Division of Credit Practices, Washington, D.C. 20580.

Thank you.

APPENDIX B

Dear Customer:

Our records show that sometime within the last two years Nationwide Acceptance Corporation denied your application for consumer credit. The federal Fair Credit Reporting Act gives persons who are denied consumer credit the right to know whether the denial was based on information supplied by a third party such as a creditor, an employer or landlord and, if so, to learn the nature of this information.

Our records show that when we denied your application, we may not have told you that our decision was based on information obtained from a third party and may not have given you the reasons for our decision. The information we obtained from a third party led us to deny your application for the following reason(s):

- unable to verify employment
- unable to verify residence
- temporary or irregular employment
- unable to verify income
- unable to verify credit references
- delinquent past or present credit obligations with others
- other: _____

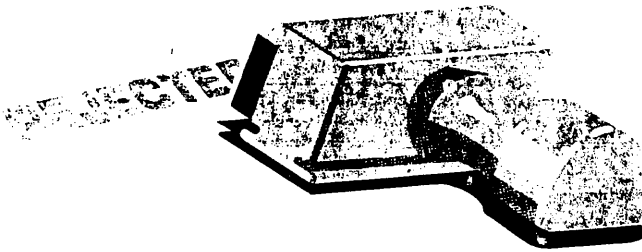
The source of this information was:

- your employer
- your landlord
- another creditor
- other: _____

Brochures explaining your rights under the federal credit laws are enclosed. If you want more information about your rights, write to the Federal Trade Commission, Division of Credit Practices, Washington, D.C. 20580.

Thank you.

APPENDIX C



Fair Credit Reporting

If you've ever applied for a charge account, a personal loan, insurance, or a job, someone is probably keeping a file on you. This file might contain information on how you pay your bills, or whether you've been sued, arrested, or have filed for bankruptcy.

The companies that gather and sell this information are called "Consumer Reporting Agencies," or "CRAs." The most common type of CRA is the credit bureau. The information sold by CRAs to creditors, employers, insurers, and other businesses is called a "consumer report." This generally contains information about where you work and live and about your bill-paying habits.

In 1970, Congress passed the Fair Credit Reporting Act to give consumers specific rights in dealing with CRAs. The Act protects you by requiring credit bureaus to furnish correct and complete information to businesses to use in evaluating your applications for credit, insurance, or a job.

The Federal Trade Commission enforces the Fair Credit Reporting Act. Here are answers to some questions about consumer reports and CRAs:

How do I locate the CRA that has my file?

If your application was denied because of information supplied by a CRA, that agency's name and address must be supplied to you by the company you applied to. Otherwise, you can find the CRA that has your file by calling those listed in the Yellow Pages under "credit" or "credit rating and reporting." Since more than one CRA may have a file about you, call each one listed until you locate all agencies maintaining your file.

Do I have the right to know what the report says?

Yes, if you request it. The CRA is required to tell you about every piece of information in the report and, in most cases, the sources of that information. Medical information is exempt from this rule, but you can have your physician try to obtain it for you. The CRA is *not* required to give you a copy of the report, although more and more are doing so. You also have the right to be told the name of anyone who received a report on you in the past six months. (If your inquiry concerns a job application, you can get the names of those who received a report during the past two years.)

Is this information free?

Yes, if your application was denied because of information furnished by the CRA, and if you request it within 30 days of receiving the denial notice. If you don't meet these requirements, the CRA may charge a reasonable fee.

What can I do if the information is inaccurate or incomplete?

Notify the CRA. They're required to reinvestigate the items in question. If the new investigation reveals an error, a corrected version will be sent, on your request, to anyone who received your report in the past six months. (Job applicants can have corrected reports sent to anyone who received a copy during the past two years.)

What can I do if the CRA won't modify the report?

The new investigation may not resolve your dispute with the CRA. If this happens, have the CRA include your version or a summary of your version of the disputed information in your file and in future reports. At your request, the CRA will also show your version to anyone who recently received a copy of the old report. There is no charge for this service if it's requested within 30 days after you

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receive notice of your application denial. After that, there may be a reasonable charge.

Do I have to go in person to get the information?

No, you may also request information over the phone. But before the CRA will provide any information, you must establish your identity by completing forms they will send you. If you do wish to visit in person, you'll need to make an appointment.

Are reports prepared on insurance and job applicants different?

If a report is prepared on you in response to an insurance or job application, it may be an *investigative* consumer report. These are much more detailed than regular consumer reports. They often involve interviews with acquaintances about your lifestyle, character, and reputation. Unlike regular consumer reports, you'll be notified in writing when a company orders an investigative report about you. This notice will also explain your right to ask for additional information about the report from the company you applied to. If your application is rejected, however, you may prefer to obtain a *complete* disclosure by contacting the CRA, as outlined in this brochure. Note that the CRA does not have to reveal the sources of the investigative information.

How long can CRA's report unfavorable information?

Generally seven years. Adverse information can't be reported after that, with certain exceptions:

- ☐ bankruptcy information can be reported for 10 years;
- ☐ information reported because of an application for a job with a salary of more than \$20,000 has no time limitation;
- ☐ information reported because of an application for more than \$50,000 worth of credit or life insurance has no time limitation;
- ☐ information concerning a lawsuit or judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer.

Can anyone get a copy of the report?

No, it's only given to those with a legitimate business need.

Are there other laws I should know about?

Yes, if you applied for and were denied credit, the Equal Credit Opportunity Act requires creditors to tell you the specific reasons for your denial. For example, the creditor must tell you whether the denial was because you have "no credit file" with a CRA or because the CRA says you have "delinquent obligations." This law also requires creditors to consider, upon request, additional information you might supply about your credit history.

You may wish to obtain the reason for denial from the creditor before you go to the credit bureau.

Do women have special problems with credit applications?

Married and formerly married women may encounter some common credit-related problems. For more information, write the FTC for a free brochure on "Women and Credit Histories" at the address listed below.

Where should I report violations of the law?

Although the FTC can't act as your lawyer in private disputes, information about your experiences and concerns is vital to the enforcement of the Fair Credit Reporting Act. Please send questions or complaints to the FTC, Washington, D.C. 20580.

Federal Trade Commission

Washington, D.C. 20580

Official Business, Penalty

For Private Use: \$300



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APPENDIX D

for consumers

from the Federal Trade Commission

EQUAL CREDIT OPPORTUNITY

If you still think only of credit cards when you hear the word "credit," think again. Credit is used by millions of consumers for a variety of purposes: to finance educations, remodel homes, obtain small business loans, and for home mortgages.

A law passed by Congress ensures that all consumers will be given an equal chance to receive credit. The Equal Credit Opportunity Act says it is illegal for creditors to discriminate against applicants on the basis of their sex, marital status, race, national origin, religion, age or because they get public assistance income. This doesn't mean all consumer who apply for credit will get it. Creditors can still use factors such as income, expense, debts, and credit history to judge applicants.

The law protects you when dealing with any creditor who regularly extends credit, including: banks, small loan and finance companies, retail and department stores, credit card companies, and credit unions. Anyone participating in the decision to grant credit, such as real estate brokers who arrange financing, is covered by the law. Businesses applying for credit are protected by the law, too.

Consumers have equal rights in every phase of the credit application process. Here is a checklist of important rights to remember when you request credit:

When You Apply For Credit, A Credit May Not . . .

- Discourage you from applying because of your sex, marital status, age, national origin, or because you receive public assistance income.

- Ask you to reveal your sex, race, national origin, or religion. A creditor may ask you to voluntarily disclose this information if you are applying for a real estate loan. This information helps federal agencies enforce anti-discrimination laws. A creditor may ask what your residence or immigration status is.

- Ask whether you are divorced or widowed.

- Ask what your marital status is if you are applying for a separate, unsecured account. A creditor may ask you to reveal this information if you live in the "community property" states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington. In any state, a creditor may ask for this information if you apply for a joint account or any account secured by property.

- Ask you for information about your husband or wife. A creditor may ask about your spouse if: your spouse is applying with you; your spouse will be allowed to use the account; you are relying on your spouse's income or on alimony or child support income from a former spouse; or if you reside in a community property state (listed above).

- Ask about your plans for having or raising children.

- Ask if you receive alimony, child support, or separate maintenance payments. A creditor may ask for this information if you are first told that you don't have to reveal it if you won't rely on it to get credit. A creditor may ask if you have to pay alimony, child support, or separate maintenance payments.

When Deciding To Give You Credit, A Creditor May Not . . .

- Consider your sex, marital status, race, national origin, or religion.
- Consider whether you have a telephone listing in your name. A creditor may consider whether there is a phone in your home.
- Consider the race of the people who live in the neighborhood where you want to buy or improve a house with borrowed money.
- Consider your age, with certain exceptions:
 - if you are too young to sign contracts. Generally, this applies to those 18 and under.
 - if you are 62 or over, and the creditor will favor you because of your age.
 - if it is used to determine the meaning of other factors which are important to credit-worthiness. (For example, a creditor could use your age to see if your income might be reduced because you are about to retire.)
 - if it is used in a scoring system which favors applicants age 62 and over. A credit-scoring system assigns different points to your answers to application questions. (For example, owning a home might be worth 10 points, while renting might be worth 5.) The total number of points helps the creditor to decide if you are credit-worthy.

When Evaluating Your Income, A Creditor May Not . . .

- Refuse to consider reliable public assistance income in same manner as other income.
- Discount income because of your sex or marital status. (For example, a creditor cannot count a man's salary at 100% and a woman's at 75%.) A creditor may not assume a woman of child-bearing age will stop work to have or raise children.

Discount or refuse to consider income because it is derived from part-time employment or from pension, annuity, or retirement benefit programs.

Refuse to consider consistently-received alimony, child support, or separate maintenance payments. A creditor may ask you for proof that this income has been received consistently.

You Also Have The Right . . .

- To have credit in your birth name (Mary Smith), your first name and your spouse's last name (Mary Jones), or your first name and a combined last name (Mary Smith-Jones).

To get credit without a co-signer, if you meet the creditor's standards.

- To have a co-signer other than your husband or wife, if one is necessary.
- To keep your own accounts after you change your name, marital status, reach a certain age, or retire, unless the creditor had evidence that you are unable or unwilling to pay.
- To know whether your application was accepted or rejected within 30 days of filing it.
- To know why your application was rejected. The creditor must either immediately give you the specific reasons for your rejection or tell you of your right to learn the reason if you ask them within 60 days. (Examples of reasons are: "Your income was too low," or "You haven't been employed long enough." Examples of unacceptable reasons are: "You didn't meet our minimum standards," or "You didn't receive enough points on our credit-scoring system.") Indefinite and vague reasons are illegal — ask for specifics.
- To learn the specific reasons why you were offered less favorable terms than you applied for. (Examples of less favorable terms include higher finance charges or less money than you requested.) This does not hold if you accept the less favorable terms.
- To know the specific reasons why your account was closed or why the terms of the account were made less favorable to you. This does not hold if these actions were taken because your account was delinquent or because you have not used the account for some time.

A Special Note To Women

A good credit history, or record of how you paid past bills, is often necessary to obtain credit. Unfortunately, this hurts many married, separated, divorced, and widowed women. There are two common reasons women do not have credit histories in their own names: they lost their credit histories when they married and changed their names, and creditors reported accounts shared by married couples in the husband's name only.

The law says that when creditors report histories to credit bureaus or to other creditors they must report information on accounts shared by married couples in both names. This is true only for accounts opened after June 1, 1977. If you and your spouse opened an account before that time, you should ask the creditor to use both names.

If you are married, divorced, separated, or widowed, you should make a special point to call or visit your local credit bureau(s) to ensure that all relevant information is in a file under your own name. To learn more about building your credit file, write for a free brochure, "Women and Credit Histories," from any of the FTC offices listed below.

What You Can Do If You Suspect Discrimination . . .

- Complain to the creditor. Make it known that you are aware of the law. The creditor may reverse the decision or detect an error.
- Many states have their own equal credit opportunity laws. Check with your state's Attorney General's office to see if the creditor violated state laws. Your state may decide to take the creditor to court.
- Bring a case in Federal district court. If you win, you can recover your damages and be awarded a penalty. You can also recover reasonable attorney's fees and court costs. An attorney can advise you on how to proceed.
- Join with others to file a class action suit. You may recover punitive damages for the class of up to \$500,000 or 1% of the creditor's net worth, whichever is less.
- Report violations to the appropriate government agency. If you are denied credit, the creditor must give you the name and address of the agency to contact. While the agencies do not resolve individual complaints, they do use consumer comments to decide which companies to investigate. A list of agencies appears at the end of this factsheet.

Where To Send Complaints and Questions

If retail store, department store, small loan and finance company, mortgage company, oil company, public utility company, state credit union, government

lending program, or travel and expense credit card company is involved, contact the Federal Trade Commission office nearest you:

1718 Peachtree Street, N.W., Suite 1000
Atlanta, Georgia 30367
 (404) 347-4836

10 Causeway Street, Suite 1184
Boston, Massachusetts 02222-1073
 (617) 565-7240

55 East Monroe Street, Suite 1437
Chicago, Illinois 60603
 (312) 353-4423

668 Euclid Avenue, Suite 520-A
Cleveland, Ohio 44114
 (216) 522-4210

100 N. Central Expressway, Suite 500
Dallas, Texas 75201
 (214) 767-5501

1405 Curtis Street, Suite 2900
Denver, Colorado 80202-2393
 (303) 844-2271

11000 Wilshire Boulevard, Suite 13209
Los Angeles, California 90024
 (213) 209-7890

150 William Street, 13th Floor
New York, New York 10038
 (212) 264-1207

901 Market Street, Suite 570
San Francisco, California 94103
 (415) 744-7920

915 Second Avenue, Suite 2806
Seattle, Washington 98174
 (206) 442-4656

FTC HEADQUARTERS

Federal Trade Commission
 6th & Pennsylvania Avenue, N.W.
 Washington, D.C. 20580
 (202) 326-2222
 TDD (202) 326-2502

- If your complaint concerns a nationally-chartered bank (National or N.A. will be part of the name), write to:

Comptroller of Currency
 Consumer Affairs Division
 Washington, D.C. 20551

- If your complaint concerns a state-chartered bank and it is insured by the Federal Deposit Insurance Corporation, but is not a member of the Federal Reserve System, write to:
FDIC Consumer Affairs Division
Washington, D.C. 20429
- If your complaint concerns a federally-chartered or federally-insured savings and loan association, write to:
Federal Home Loan Bank Board
Equal Credit Opportunity
Washington, D.C. 20552
- If your complaint concerns a federally-chartered credit union, write to:
National Credit Union Administration
Consumer Affairs Division
Washington, D.C. 20436
- Complaints against all kinds of creditors can be referred to:
Department of Justice
Civil Rights Division
Washington, D.C. 20530

7/82; 5/88

FEDERAL TRADE COMMISSION
WASHINGTON, D. C. 20580
OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE \$300



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TRADE COMMISSION

IN THE MATTER OF

AMERICAN LIFE NUTRITION, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 AND SEC. 12 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3310. Complaint, Oct. 18, 1990—Decision, Oct. 18, 1990

This consent order prohibits, among other things, the New York based wholesale distributors of dietary food supplements from making false and unsubstantiated health efficacy claims for any food or drug in the future. In addition, it requires the respondents to publish retractions of previous advertising claims for certain bee pollen, royal jelly, fish oil, and vitamin or mineral products, that were published, between December 1, 1987 and December 1, 1988, in newspapers and magazines, and to send corrective notices to past wholesale and retail purchasers.

Appearances

For the Commission: *Harriet Guber Mulhern* and *Michael J. Bloom*.

For the respondents: *Samuel Feldman*, New York, N.Y.

COMPLAINT

The Federal Trade Commission, having reason to believe that American Life Nutrition, Inc., American Life FarFun, Inc., corporations, and Mr. Ling Won Tong, individually and as an officer and director of the corporations, have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, allege:

PARAGRAPH 1. Respondents American Life Nutrition, Inc. and American Life FarFun, Inc., collectively known as "ALN," are New York corporations, with their principal office and place of business located at 60 East Broadway, New York, New York. ALN is a wholesale distributor of dietary food supplements to retailers that sell to the general public in twenty-two (22) states. The retailers include Chinese health food stores, drug stores, supermarkets, grocery stores, and herbal merchants. In addition, ALN makes some local "walk-in" or "door" retail sales from its New York City premises.