

IN THE MATTER OF  
ROBERT O. BENNETT DOING BUSINESS AS NATIONAL  
SERVICE BUREAU AND LILLIE K. BENNETT

COMPLAINT, DECISION, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED  
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

*Docket 5745. Complaint, Mar. 1, 1950—Decision, Jan. 31, 1952*

Where two individuals engaged under a Washington, D. C. mailing address in securing and selling to credit bureaus, retail stores, collection agencies and other customers in various states information relating to delinquent debtors, principally, and, as thus engaged in mailing out large numbers of letters and receiving replies thereto;

In attempting to secure desired information, for their said customers with respect to the addresses, employment, etc., of delinquent debtors, pursuant to arrangements whereby they were authorized by their customers to send a check for 10 cents to each replying delinquent, as below set forth, and to deposit such an amount to said person's credit in respondents' bank at the expense of the customer, and through the means of certain form letters, together with blanks for supplying the desired information as to the delinquent and, a self-addressed return envelope—

- (a) Falsely represented through the use of the name "National Service Bureau" in said form letters, and particularly as employed with the words "Disbursement Office" and "Disbursement Officer", that they were a part of or connected in some manner with the Veterans Administration or some other part or agency of the United States Government; and,
- (b) Falsely represented through the use of the words "If you will fill in the enclosed blank giving the requested information we will forward to you a check for a small sum of money deposited with us for that purpose", that a small but significant sum of money to which the recipient of the letter was entitled, had been deposited with them and would be forwarded to the recipient upon his furnishing information which would identify him as the person entitled thereto;

The facts being that they were not connected with the United States Government in any respect; and the sending by them of such a check for 10 cents did not justify their statement that a small sum of money had been deposited with them for forwarding, and constituted a transparent scheme to mislead and conceal the purpose for which the information was sought;

With effect of misleading a substantial portion of the public into the mistaken belief that their misleading representations were true, and with capacity and tendency so to do, and thereby induce a substantial number of the public to give information which they would not otherwise have supplied:

*Held*, That such acts and practices, under the circumstances set forth, were all to the prejudice and injury of the public and constituted unfair and deceptive acts and practices in commerce.

Before *Mr. Webster Ballinger*, hearing examiner.  
*Mr. J. W. Brookfield, Jr.* for the Commission.

*Reilly & Neumann* and *Byrne & Byrne*, of Washington, D. C., for respondents.

COMPLAINT<sup>1</sup>

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 Robert O. Bennett, an individual trading and doing business as National Service Bureau and Lillie K. Bennett, an individual, 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 Robert O. Bennett is an individual trading and doing business under the name National Service Bureau. Both respondents, Robert O. Bennett and Lillie K. Bennett, live and carry on their business at 504 Aspen Street, N. W., in the City of Washington, D. C., but the mailing address used by National Service Bureau is 505 Colorado Building, Washington, D. C. Respondents Robert O. Bennett and Lillie K. Bennett cooperate and act together in performing the acts and practices hereinafter alleged.

PAR. 2. Respondents are now, and for more than two years last past have been, engaged in the business of locating delinquent debtors and in selling information as to these debtors to their clients. Certain of respondents' clients cause goods and other property to be transported from their places of business in various States of the United States to purchasers thereof in other States of the United States and

<sup>1</sup>The complaint is published as amended by an order granting motion to amend complaint to conform to proof dated December 29, 1950, as follows:

This matter coming before the Commission upon motion of counsel supporting the complaint to amend the complaint herein to conform to the proof, and it appearing counsel for the respondents have acknowledged receipt of copy of said motion and have waived the filing of an answer and further notice and the Commission having duly considered the matter, and the record, and being now fully advised in the premises:

*It is ordered*, That the motion to amend the complaint to conform to the proof be, and the same hereby is, granted.

*It is further ordered*, That the complaint heretofore issued be amended as follows:

By striking that portion of Paragraph Five which reads as follows:

"Through the use of the name 'National Service Bureau' and the phraseology 'Disbursement Officer' and 'Disbursement Office,' "

and inserting in lieu thereof the following:

Through the use of the name "National Service Bureau," and also through the use of the phrase "Disbursement Officer" and also the phrase "Disbursement Office," in connection with the name "National Service Bureau."

*It is further ordered*, That the evidence heretofore taken be, and the same hereby is, adopted as evidence in connection with the complaint as herein amended to the same extent and to the same effect as if such evidence had been originally taken under the complaint as herein amended.

Complaint

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maintain and at all times mentioned herein have maintained courses of trade in such goods and property in commerce between and among the United States. Some of respondents' clients are located in Chicago, Illinois; Cincinnati, Ohio; New York, New York and other cities and States throughout the United States. The course and conduct of respondents' said business involves intercourse of a commercial and business nature between them and their clients and the persons from whom information is sought who are located in the various States of the United States.

PAR. 3. In the course and conduct of respondents' said business of obtaining information concerning other persons, respondents use certain form letters substantially in the following form:

THE NATIONAL SERVICE BUREAU,  
Colorado Building, Washington 5, D. C.

Office of  
R. O. Bennett  
Room 505

DEAR MADAM: If you will fill in the inclosed blank giving the requested information we will forward you a check for a small sum of money deposited with us for you for that purpose.

Very truly yours,

(S) ROBERT BENNETT, *Disbursement Officer.*

Enclosed with the above-mentioned letter is a reply form for the recipient to fill in the information desired by respondents. This form is headed:

DISBURSEMENT OFFICE  
THE NATIONAL SERVICE BUREAU  
505 COLORADO BUILDING  
WASHINGTON 5, D. C.

followed by lines showing the information requested and also bears the following statement:

CLAIM NUMBER 18241101.

Fill in and return this blank within 30 days. Allow two weeks for mailing the check.

PLEASE TYPE OR PRINT INFORMATION  
GIVE COMPLETE INFORMATION TO EXPEDITE MAILING OF CHECK

PAR. 4. Respondents mail the said form letters to the persons concerning whom information is sought at their last known addresses together with an envelope addressed to "The National Service Bureau, Colorado Building, Washington, D. C., Disbursement Office, Room 505," for the return of said form letters. Many of the persons to whom said form letters and return envelopes are sent are located in the various states of the United States outside of the District of Columbia.

PAR. 5. Through the use of the name "National Service Bureau" and also through the use of the phrase "Disbursement Officer" and also the phrase "Disbursement Office," in connection with the name "National Service Bureau." Respondents represent that National Service Bureau is an agency of the United States government or has some connection with one of the governmental agencies. Said representations are false and misleading. In truth and in fact respondents are in no way connected with the Federal Government, but conduct the said business as a private enterprise for the receiving of fees for information concerning allegedly delinquent debtors.

Through the use of the said form letters, respondents represent directly and by implication that certain funds have been deposited with them for the persons to whom the letters are sent and cause the recipients of said letters to furnish them information in the false belief that they, the recipients, are to receive substantial sums of money.

In truth and in fact respondents have not received money to be deposited for these persons and they receive nothing except a check for ten cents which is sent by respondents upon receipt of the information.

PAR. 6. The use as hereinabove set forth of the foregoing false and misleading statements, representations and designations has, and has had, the capacity and tendency to mislead and deceive, and has misled and deceived, many persons to whom the said form letters were sent into the erroneous and mistaken belief that the said statements and representations were true; and that the trade name used by respondents indicated the true nature of respondents' business; and induce the recipients thereof to give information to respondents which otherwise they would not have supplied.

PAR. 7. The aforesaid acts and practices of respondents, as herein alleged, are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT  
OF COMPLIANCE

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on March 1, 1950, issued and subsequently served its complaint in this proceeding upon respondents Robert O. Bennett, an individual trading and doing business as National Service Bureau, and Lillie K. Bennett, an individual, charging them with the use of unfair and deceptive acts and practices in com-

merce in violation of the provisions of said Act. After the issuance of said complaint and the filing of respondents' answer, hearings were held at which testimony and other evidence in support of and in opposition to the allegations of said complaint were introduced before a hearing examiner of the Commission theretofore duly designated by it and such testimony and other evidence were duly recorded and filed in the office of the Commission. Thereafter, the proceeding regularly came on for final consideration by said hearing examiner upon the complaint, the answer thereto, testimony and other evidence, proposed findings as to the facts and conclusions presented by counsel, and said hearing examiner, on January 30, 1951, filed his initial decision.

Within the time permitted by the Commission's Rules of Practice, counsel for respondents filed with the Commission an appeal from said initial decision, and thereafter this proceeding regularly came on for final consideration by the Commission upon the record herein, including briefs in support of and in opposition to the appeal and oral argument of counsel; and the Commission, having issued its order granting said appeal in part and denying it in part and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes this its findings as to the facts and its conclusion drawn therefrom and order, the same to be in lieu of the initial decision of the hearing examiner.

#### FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent Robert O. Bennett is an individual trading as and doing business under the name The National Service Bureau. Both respondents, Robert O. Bennett and Lillie K. Bennett, live and carry on said business at 504 Aspen Street, N. W., in the city of Washington, D. C., and use as a business and mailing address 706 Thirteenth Street, N. W., Washington, D. C., where an office is maintained and used primarily as an address for the receipt of mail. Respondents formerly maintained an office at 505 Colorado Building, Washington, D. C. Respondents Robert O. Bennett and Lillie K. Bennett cooperate and act together in performing the acts and practices hereinafter described.

PAR. 2. Respondents are now and for more than four years last past have been engaged in the business of securing and selling to their customers information relating to delinquent debtors, extension of credit and for other purposes; their principal business being that of locating delinquent debtors. Their customers consist of credit bureaus maintained by business and professional organizations, retail stores, collection agencies, attorneys, and finance companies, desiring information principally with reference to delinquent accounts.

Their customers and the persons about whom information is sought are located throughout the various States of the United States and in the District of Columbia. Respondents' business is principally conducted by mail. They weekly transmit approximately 2,100 letters seeking the above-described information and receive approximately 700 replies thereto. The conduct of respondents' business constitutes intercourse of a commercial nature between them and the persons from whom information is sought in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. Respondent Robert O. Bennett has been in the collection business for more than 15 years. About five years ago he conceived and put into practice a plan involving the use of a mail skip tracer to secure credit information from delinquent debtors, which plan respondents have used ever since and are now using. A pamphlet issued by respondents contains the following description of a mail skip tracer:

1. WHAT IS A MAIL SKIP TRACER?

A mail skip tracer is a piece of mail which offers an inducement for its recipient to reveal his address, employment, phone number, and other pertinent information which may be used by his creditor in obtaining payment of money due.

2. IN WHAT CASES SHOULD A MAIL SKIP TRACER BE USED?

a. If you send mail to an address, and it is not returned to you, you know that this person is getting his mail at this address or it is being forwarded by the Post Office to him. Neither the Postmaster nor any one connected with the Post Office may give you this information as to where your skip is and only by using an inducement such as a mail skip tracer can you find him.

b. When your mail is delivered and you know the person is at the given address, but you do not know where he works or banks, and this information would be valuable to you, the inducement offered in the mail skip tracer will more than likely get this information for you.

3. WHAT MAKES A MAIL TRACER ILLEGAL?

Any piece of mail which obtains information by the use of subterfuge is illegal. THE NATIONAL SERVICE BUREAU does NOT use subterfuge.

PAR. 4. In the course and conduct of their business of securing credit information by the use of a mail skip tracer, respondents receive from each of their customers an authorization, bearing the signature of the customer, on the following form supplied by respondents:

PLEASE TYPE OR PRINT ALL NAMES AND ADDRESSES

THE NATIONAL SERVICE BUREAU,  
706 13th Street NW., Washington 5, D. C.

GENTLEMEN: Please attempt to obtain all information you can from the following persons from whom mail has not been returned. Please send a check

