

UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: Robert Pitofsky, Chairman  
Mary L. Azcuenaga  
Janet D. Steiger  
Roscoe B. Starek, III  
Christine A. Varney

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In the Matter of	)	
	)	DOCKET NO. C-3676
	)	
The May Department Stores Company,	)	
	)	DECISION AND
a corporation.	)	ORDER
	)	
	)	

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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 violations of Section 5(a) of the Federal Trade Commission Act and Section 132 of the Truth in Lending Act; and

The respondent, its attorney, 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 the 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 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

of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Proposed respondent May is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New York. Respondent's office and principal place of business is located at 611 Olive Street, St. Louis, Missouri 63101.

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

### DEFINITIONS

For the purpose of this Order the following definitions apply:

The terms "open end credit plan," "credit card," and "cardholder" are defined as set forth in §§ 103(i), (k), and (m), respectively, of the Truth in Lending Act ("TILA"), 15 U.S.C. §§ 1602(i), 1602(k), and 1602(m).

The term "consumer reporting agency" is defined as set forth in §§ 603(f) of the Fair Credit Reporting Act ("FCRA"), 15 U.S.C. §§ 1681a(f).

"Fair Credit Billing Act" refers to Chapter 4, Credit Billing, 15 U.S.C. § 1666 et seq., of the Consumer Credit Protection Act.

### I.

IT IS HEREBY ORDERED that respondent, The May Department Stores Company, a corporation, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporate subsidiary, division, or other device, do forthwith cease and desist from failing to follow reasonable procedures to assure the accuracy of the information that respondent maintains with respect to cardholder accounts that respondent has acquired or acquires from other retail sellers of consumer goods or services and that respondent provides to consumer reporting agencies, including but not limited to the accuracy of dates of relevant actions.

II.

IT IS FURTHER ORDERED that, to the extent not already accomplished, within ninety (90) days of service of this Order, respondent, its successors and assigns, shall identify current cardholders on whom, since January 1, 1992, respondent has reported incorrectly to any consumer reporting agency derogatory information related solely to the cardholder's open end credit plan account with an acquired creditor. Respondent shall instruct each such consumer reporting agency, in writing, to remove or correct any such derogatory information.

III.

IT IS FURTHER ORDERED that respondent, its successors and assigns, shall, after written notice from a consumer to its Bill Adjustment Department in accordance with the Fair Credit Billing Act of a failure by respondent accurately to ascribe charges, credits, payments, or other activity to the correct account, cease collection activity as to the disputed amount, either directly or through any third party, on any outstanding balance that is due, in whole or in part, to respondent's failure accurately to ascribe charges, credits, payments, or other activity to the correct account.

IV.

IT IS FURTHER ORDERED that respondent, its successors and assigns, in order to give effect to Paragraph III of this Order, shall institute reasonable procedures to train respondent's collection personnel in the obligations of the Fair Credit Billing Act, and to further train respondent's collection personnel to inform consumers who assert billing errors of the correct address of respondent's Bill Adjustment Department.

V.

IT IS FURTHER ORDERED that respondent, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporate subsidiary, division, or other device, in connection with any open end credit plan, do forthwith cease and desist from violating § 132 of the Truth in Lending Act, 15 U.S.C. § 1642, and § 226.12 of Regulation Z, 12 C.F.R. § 226.12, by issuing a credit card to any person except (1) in response to an oral or written request or application for the card; or (2) as a renewal of, or substitute for, an accepted credit card.

VI.

IT IS FURTHER ORDERED that respondent, its successors and assigns, shall maintain for five (5) years and upon request make available to the Federal Trade Commission for inspection and copying, documents demonstrating compliance with the requirements of this Order.

VII.

IT IS FURTHER ORDERED that respondent, its successors and assigns, shall deliver for five (5) years a copy of this Order to all present and future personnel, agents, or representatives having responsibilities with respect to the subject matter of this Order.

VIII.

IT IS FURTHER ORDERED that respondent, its successors and assigns, shall promptly notify the Commission at least thirty (30) days prior to any proposed change in respondent such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or affiliates, or any other change in the corporation that may affect compliance obligations arising out of the Order.

IX.

This Order will terminate on July 9, 2016, or twenty years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the Order, whichever comes later; **provided, however**, that the filing of such a complaint will not affect the duration of:

- A. Any paragraph in this Order that terminates in less than twenty years;
- B. This Order's application to any respondent that is not named as a defendant in such complaint; and
- C. This Order if such complaint is filed after the Order has terminated pursuant to this paragraph.

**Provided further**, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the Order, and the dismissal or ruling is either not

appealed or upheld on appeal, then the Order will terminate according to this paragraph as though the complaint was never filed, except that the Order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

X.

IT IS FURTHER ORDERED that respondent, its successors and assigns, shall, within one hundred and eighty (180) days of the date of service of this Order, file with the Federal Trade Commission, Division of Enforcement, a report, in writing, setting forth in detail the manner and form in which it has complied with this Order.

By the Commission, Commissioner Starek recused.

Donald S. Clark  
Secretary

ISSUED: July 9, 1996