

Complaint

106 F.T.C.

IN THE MATTER OF

SERVICE ONE INTERNATIONAL CORPORATION, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF
THE FEDERAL TRADE COMMISSION ACT*Docket C-3172. Complaint, Oct. 29, 1985—Decision, Oct. 29, 1985*

This consent order requires a Chatsworth, Calif. credit counseling service and two corporate officers, among other things, to cease misrepresenting that they will obtain credit or credit cards for applicants; have developed working relationships with any creditors; or will provide a full or partial refund of any fees paid by consumers seeking credit or credit cards. Additionally, respondents are prohibited from misrepresenting the likelihood of any consumer obtaining credit or credit cards; the extent to which it can help consumers seeking credit or credit cards; or the conditions under which it will furnish refunds. Further, respondents are required to send to all customers who paid for the service and did not receive a credit card, a notice that gives them the option of receiving a full refund within 30 days or participating in respondents' new credit-counseling service without additional charge.

Appearances

For the Commission: *David G. Grimes, Jr.*

For the respondents: *Robert L. Mabee, Sioux Falls, S.D.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, 15 U.S.C. 41, *et seq.*, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Service One International Corporation, a corporation, also trading and doing business as Service One Corporation and First Credit Services, and Reza Fayazi and Ali Fayazi individually and as a former officer 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 Service One International Corporation, is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 21032 Devonshire Street, Suite 215, Chatsworth, California. Service One International Corporation also

trades and does business as Service One Corporation and First Credit Services.

Respondents Reza Fayazi and Ali Fayazi are officers of Service One International Corporation. They have formulated, directed and controlled the acts and practices of Service One Corporation, including the acts and practices hereinafter set forth. Their address is the same as that of Service One International Corporation.

PAR. 2. Respondents are now, and for some time in the past have been preparing and causing the dissemination of retail advertising and promotional material to the public describing services and soliciting business. Respondents have caused such advertising and promotional material to be disseminated by various means, including insertion in magazines with national circulation that are distributed through the mail across state lines, and direct distribution through the mail across state lines. Typical statements in said advertisements and promotional materials, but not necessarily inclusive thereof, are found in advertisements attached hereto as Exhibits 1 through 3.

PAR. 3. Respondents maintain and have maintained a substantial course of business, including the acts and practices as hereinafter set forth, which are in or affect commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business through advertisements, promotional literature or other written materials, including Exhibits 4, 5, 6, and 7, attached hereto, respondents have made the following statements:

Get Credit Visa/Mastercard Call Toll Free 1-800-423-2714

NOW YOU CAN GET THE CREDIT YOU WANT through FirstCreditServices . . . HOW DO I APPLY??? Complete the information requested. Sign the application as indicated. Return this form and your check or money order in the postage-paid envelope today. Processing of your application normally takes three weeks. Applications received without the required fee will not be processed. . . .

FIRSTCREDITSERVICES CREDIT CARD APPLICATION . . .

. . . Let us get you the credit you desire . . .

Please accept this invitation to VISA, MasterCard, and the world of credit. Simply complete the enclosed application form and return it with your \$25 check or money order in the postage-paid envelope. Your application will be processed within three weeks . . .

FCS has developed working relationships with banks across the country which will issue our clients' VISA and MasterCard regardless of past credit experience.

PAR. 5. By statements such as the ones set forth in Paragraph Four, respondents have represented, directly or by implication, that they will obtain credit cards for consumers for a fee, and that they have

working relationships with banks that will issue such credit cards to consumers regardless of past credit experience.

PAR. 6. In truth and in fact, respondents do not obtain credit cards for consumers after payment of fees, and have not developed any working relationship with banks that will issue such credit cards regardless of past credit experience. Therefore the representations set forth in Paragraph Five were and are false and misleading.

PAR. 7. In the course and conduct of their business, in connection with the representation in Paragraph Five, *supra*, through advertisements, promotional literature or other written materials, including Exhibits 6 and 7, attached hereto, respondents have made the following statements:

In the event you are unable to obtain credit, a full refund will be made with (sic) 20 days. If FCS cannot successfully process your application, your uncashed check or money order will be returned to you.

What if I can't get credit? If you are unable to obtain credit, FCS will refund your fee in full within 20 days. If FCS cannot process your application for any reason, your uncashed check or money order will be returned to you immediately.

PAR. 8. By statements such as those in Paragraph Seven, respondents have represented, directly or by implication, that consumers who have paid a fee to respondents to obtain a credit card but do not receive a credit card will obtain from respondents a full refund of the fee paid.

PAR. 9. In truth and in fact, a substantial number of consumers who have paid \$25 to \$50 in fees to respondents to obtain a credit card and have not received a credit card have not received any refund despite having requested one. Of those consumers who have received a refund, a substantial number have received only a partial refund, with a \$10 "processing fee" withheld. Therefore, the representations set forth in Paragraph Seven were and are false and misleading.

PAR. 10. The use by respondents of the aforesaid, false and misleading representations has had, and now has, the capacity and tendency to mislead members of the public into the erroneous and mistaken belief that said representations were, and are, true and complete, and into the purchase of substantial quantities of respondents' services in reliance on said erroneous and mistaken belief.



PAR. 11. The acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and constituted, and now constitute, unfair and deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. The acts and practices of respondents as herein

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alleged, are continuing and will continue in the absence of the relief hereby requested.





EXHIBIT 1

Regardless of
Past Credit
Experience...

AS SEEN
ON
TV

GET YOUR OWN CREDIT CARDS.

Whether you have had
slow payments, insuffi-
cient credit for income,
even bankruptcy, we
can help.

you get credit cards
like VISA® and
MasterCard®. So get
the credit you want.
Call today.

1-800-CARD-800

24 hours toll free or send in the coupon below.

FIRST CREDIT SERVICES/426 South Beverly Drive, Suite 203 Beverly Hills, CA 90242

YES! I want to get my own credit cards. Please tell me how.

MY NAME _____


MY ADDRESS _____

CITY _____

STATE _____ ZIP _____

Mail to:

FIRST CREDIT SERVICES
Data Processing Center
P.O. Box 7803
Van Nuys, CA 91409



© 1983 First Credit Services
VISA and MasterCard are registered trademarks of VISA International and MasterCard International, respectively.

EXHIBIT 2

Wednesday

4:30 PM to 5:30 PM

- 4:35 (13) HOGAN'S HEROES—Comedy
 5 PM (2) (3) (7) (10) NEWS
 (5) LITTLE HOUSE ON THE PRAIRIE
 Miss Beadle (Charlotte Stewart) and Nellie (Alison Argrim) fall for a hog farmer and his son. (60 min.)
 (9) VIDEO ONE—Music
 Included: Pat Benatar, John Cougar Mellencamp, Culture Club. (60 min.)
 (11) ONE DAY AT A TIME—Comedy
 Nick won't let Alex get away with turning in a shoddy science project. Nick: Ron Rifkin.
 (15) BEWITCHED—Comedy
 Sam spends a harrowing weekend with Darrin's parents.
 (18) HEIDI—Novela
 (24) (25) 3-2-1 CONTACT (CC)
 Ant behavior is examined by Miguel.
 (23) 3-2-1 CONTACT (CC)—Children
 A look at an automobile assembly line.
 (27) EN BUSCA DEL PARAISO
 —Novela
 (30) UP ON MELODY MOUNTAIN
 —Religion
 (33) (34) COLLEGE BASKETBALL
 Fordham at Notre Dame. (Live)
 (37) SEASON PREVIEW
 (38) NEWS—Dobbs/Ladendorf
 (40) EVERLY BROTHERS—Music
 (41) COLLEGE BASKETBALL
 Tulane at Louisville. (Live)
 (42) MOVIE—Comedy
 "Lovesick." (1 hr., 40 min.)
 (43) COLLEGE BASKETBALL
 Villanova at St. John's. (Live)
 5:05 (15) MOVIE—Drama
 "Oklahoma Crude." (1973) George Scott and Faye Dunaway play rough in this brawling saga of the Southwestern oil fields. In 1913. Doyle: John Mills. (2 hrs., 10 min.)
 5:30 (3) M*A*S*H
 Not all MASH personnel work up a sweat over the impending visit of Gen. Douglas MacArthur.
 (11) JEFFERSONS (CC)—Comedy
 George (Sherman Hemsley) recalls the day he struggled to open his first store—the day of Martin Luther King Jr.'s assassination.
 (15) ANDY GRIFFITH—Comedy (11)
 Opie (Ronny Howard) accidentally handcuffs a friend to the flagpole.
 (23) IN RECITAL
 Piano duo Ralph and Alberine Votapek perform Rachmaninoff's Suite No. 2 for Two Pianos, Op. 17.
 (23) SPACES (CC)—Children
 A study of computer technology in

REGARDLESS OF
CREDIT EXPERIENCEGET
YOUR
OWN
VISA® and

MASTERCARD®

Credit Cards

Whether you have a history of slow payments, insufficient credit or income, even bankruptcy, First Credit Services can help you get your own VISA and Mastercard credit cards.

For complete information call:

CREDIT LINE NUMBER

1-800-227-3800

operator 80

Call Toll Free 24 Hours

NO COST OR
OBLIGATION!!!

Tell me more about how I can receive my VISA and Mastercard Credit Cards.

Name _____

Address _____

City _____

State _____

Zip _____

Mail to First Credit Services
P.O. Box 7803, Van Nuys, CA 91409



FIRST CREDIT SERVICES

420 South Beverly Dr., Suite 203

Beverly Hills, CA 90212

VISA and MASTERCARD are registered

trademarks of VISA International and

MASTERCARD International respectively.

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A subsidiary of Service One Corporation

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EXHIBIT 3

★ Regardless of Past Credit Experience

GET YOUR OWN
VISA® and
MASTERCARD®
 CREDIT CARDS



FIRST CREDIT SERVICES can help you get your own credit cards, including VISA® and MASTERCARD® credit cards, even if you have

- Bad Credit
- No Credit
- Slow Payments
- Even bankruptcy!

For complete information
 call today:

CREDIT LINE NUMBER
1-800-CARD-800
 Operator 100
 Call Toll Free 24 Hours

Tell me more about how I can receive my VISA® and MASTERCARD® credit cards.

Name _____

Address _____

City _____

State _____ Zip _____

Mail to: FIRST CREDIT SERVICES, Data Processing
 Center, P.O. Box 7803, Van Nuys, CA 91409



FIRST CREDIT SERVICES

420 South Beverly Drive

Suite 203

Beverly Hills, CA 90212

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 © 1983 First Credit Services

A subsidiary of Service One Corporation

EXHIBIT 4

Dialing for time and not getting it?

Please use this number:

976-1616

It's the correct number to dial for the right time. And it's no more than a dime for our customers in 212, 914, and 516 areas. Long distance elsewhere.

A DIAL-IT Service of New York Telephone.

THE SUPREME COURT HAS ORDERED A RE-PARTY PRIMARY ELEC COUNCILMANIC DISTR BE HELD ON TUESDAY WILL BE OPEN FROM 6.

406- MONEY TO LEND CREDIT Get Credit... 500-MERCHANDISE MARKET... 524-MERCHANDISE WANTED

534-FLEA MARKET/BAZAAR... 700-DOGS... 704-TROPICAL FISH

700-DOGS... 701-CATS... 702-ADOPTION... 703-BIRDS

704-TROPICAL FISH... 30 L Tank & Stand \$6... 707-PET TRAINING... 708-STUD SERVICE

ALL MAKES & MODEL CREDIT PROGRAMS NO CREDIT EVERYONE RIDES 212-347-14

LEGAL SERVICES

ACCIDENTS PAUL S. MIRMAN Attorney At Law... 1508 Rockaway Pkwy, Brooklyn, N.Y. (212) 272-5100

AMNESTY FOR ALIENS PREPARE NOW! THOUSANDS OF GREEN CARDS... DAVID SCHEINFELD, J.D. (212) 697-6000

ACCIDENTS-ALL KINDS CAR ACCIDENTS You may be entitled to money. No advance Fees. WE COME TO YOU Salzman, Ingber & Winer, Esq. (212) 233-6550 (316) 794-0152

A BANKRUPTCY ATTY 25 yrs exp. Relief from debt in 24 hrs... MORWITZ & ASSOC. (212) 723-1070

WOMEN'S SER

YOU CAN AFFORD TO CHOOSE PRIVATE CARE... AB To 24 Weeks Board Cert. Gynecologist... ABORTION \$79

Abortion \$8... BROOKLYN ABORTION 788-1919... OPEN 7 DAYS THRU SAT STRICTLY CONFIDENTIAL

FEDERAL TRADE COMMISSION DECISIONS
Complaint
EXHIBIT 5

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Give Yourself Credit...

Regardless of past credit Experience

FIRST CREDIT SERVICES

VISA
Member Bank
MasterCard
First Credit Services

Hertz
Avis
Conoco

(Small text describing credit services and benefits)

FIRST CREDIT SERVICES
CREDIT CARD APPLICATION



NOW YOU CAN GET THE CREDIT YOU WANT
through FirstCreditServices

As the pioneer in consumer credit advisement, FirstCreditServices has become "America's Credit Expert®". Our unique approach can provide you with a new opportunity to establish or re-establish credit with a VISA® and MasterCard®, department store and oil company cards, and a check guarantee card.

HOW DO I APPLY???


Complete the information requested. Sign the application as indicated. Return this form and your check or money order in the postage-paid envelope today. Processing of your application normally takes three weeks. Applications received without the required fee will not be processed.

NAME OF APPLICANT		FIRST	MIDDLE	INITIAL	LAST	PLEASE PRINT LEGIBLY WITH DARK INK										SOCIAL SECURITY NO.
PERSONAL MR. MRS. MISS MR. & MRS.																
ADDRESS																
MONTHLY PAYMENT		RENT	OR LIVE WITH PARENTS	DATE OF BIRTH	AGE	AREA CODE	CITY	STATE	ZIP CODE	NO. OF DEP.	NO. OF YRS.					
PREVIOUS ADDRESS		APT. NO.	CITY	STATE	ZIP CODE	HOME TELEPHONE										
PRESENT EMPLOYER		ADDRESS	CITY	STATE	ZIP CODE	POSITION/RANK										
POSITION/RANK																
OTHER SOURCE OF INCOME (Income from child support, or regular maintenance income need not be included, but include all other income)															YEARS WITH FIRM	
PREVIOUS EMPLOYER		ADDRESS	CITY	STATE	ZIP CODE	POSITION/RANK										YEARS WITH FIRM
NAME AND ADDRESS OF EMPLOYER (Do not include home address)																
APPLICANT'S DRIVERS LICENSE NUMBER																
COMPLETE IF JOINT ACCOUNT IS DESIRED																
NAME AND ADDRESS OF JOINT APPLICANT'S PRESENT EMPLOYER																
OR COMMISSIONS																
BUSINESS PHONE																
POSITION/RANK																
DATE OF BIRTH																
SOCIAL SECURITY NO.																
NO. OF YEARS																
OFFICE USE ONLY																
<p>I/We certify the information provided is correct. I authorize you to investigate my credit report. If you require this application, I understand that FIRST CREDIT SERVICES will assist me in obtaining credit or my fee will be refunded. I understand that the contents of this application will remain confidential. I understand that the contents of this application will remain confidential.</p> <p>Signature _____ Date _____ Joint Applicant _____</p>																

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EXHIBIT 6

DATE: &DATE&	REFER ID: #&CLIENIN0&
&FNAME& &LNAME& &STREET& &CITY&, &STATE& &ZIP1&	 FIRSTCREDITSERVICES

Dear &FNAME& &LNAME&:

Thank you for your interest in FirstCreditServices.

Whether you have a bankruptcy, slow payments, insufficient credit or income, you can have a VISA and MasterCard.

Each month, thousands of consumers with credit problems become credit cardholders through FirstCreditServices. That's why we have become "America's Credit Expert." Our service starts when we receive your completed application, and it ends when you have a VISA and MasterCard, department store and oil company cards, and a check guarantee card.

The good life and good credit go hand in hand. Let us get you the credit you desire so you can purchase furniture, stereos, and clothes or take a vacation.

Please accept this invitation to VISA, MasterCard, and the world of credit. Simply complete the enclosed application form and return it with your \$25 check or money order in the postage-paid envelope. Your application will be processed within three weeks.

If you don't receive credit, your fee is returned. In full. Within 10 days.

If you require further information, please call (213) 709-2072 and a member of our staff will gladly assist you.

I am looking forward to the day when a VISA and MasterCard are yours, &FNAME& &LNAME&.

Sincerely,

Henry A. McDonald III
 FirstCreditServices
 Consumer Credit Division

EXHIBIT 7

FIRST CREDIT SERVICES

(800) 423-2714
Operations Center
13615 Victory Blvd.
Suite 117
Van Nuys, CA 91401

CORPORATE OFFICES
420 So. Beverly Drive
Suite 207
Beverly Hills, CA
90212

(213) 786-0941
Telemarketing Center
P.O. Box 77
Van Nuys, CA 91408

Dear Consumer:

Thank you for your interest in First Credit Services. FCS is a nationwide service organization which successfully assists thousands of consumers each year to become credit cardholders.

FCS has developed working relationships with banks across the country which will issue our clients' VISA and MasterCard regardless of past credit experience. For the vast majority of our clients, no savings account deposit is required. Our Total Credit Concept[®] provides integrated credit counseling.

How does the Total Credit Concept[®] operate? When your completed application is received, one of our counseling staff will evaluate your credit profile in sixteen separate categories. This financial and credit data is then used to match your application to the requirements of our selected banks. Institutions will be selected for your successful applications for VISA and MasterCard. Further, local department stores which will extend your credit will be selected from our data bank. In addition, an institution from which you will receive a Check Guarantee Card will be selected. Also, one of eleven proven legal methods will be selected for your use in removing any unfavorable information from your credit file.

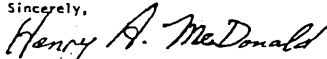
All of this information selected for you is then transcribed into a written portfolio of between 15 to 28 pages. Your portfolio is then forwarded to you. After its receipt, you will complete the Total Credit Concept[®] Program by receiving personal credit reports, removing any unfavorable past credit data from your credit file, and submit applications for VISA and MasterCard to the selected banks. Fifteen days are required for processing and arrival of your portfolio. Your assigned counselor is available for telephone consultations at no charge whenever the need arises.

We at FCS know good credit is a necessity, not a luxury. Because FCS pioneered consumer credit advisement, our total fee is only \$30. There are no further fees or costs. Our fee includes all processing and one copy of your written portfolio. In the event you are unable to obtain credit, a full refund will be made within 20 days. If FCS cannot successfully process your application, your uncashed check or money order will be returned to you.

Please accept your invitation to VISA, MasterCard, and the world of credit. Simply complete and return the enclosed application form along with your check or money order in the amount of \$30, using the postage-paid envelope provided. If you require further information, please call 213/989-6046 and a member of our staff will assist you.

Thanking you for this opportunity to be of service, I remain,

Sincerely,



Henry A. McDonald III
Director/Credit Services Division

Enclosure

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 Bureau of Consumer Protection 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, their attorney, 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 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Service One International Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of California with its office and principal place of business located at 21032 Devonshire Street, Chatsworth, California. Respondents Reza Fayazi and Ali Fayazi are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, and their principal office and place of business is located at the above stated address.

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

I.

It is hereby ordered, That respondents Service One International Corporation, a corporation, its successors and assigns, and its officers, and Reza Fayazi and Ali Fayazi 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 advertising, offering for sale, sale and distribution of any service or material purporting to secure, or to assist in securing, credit or a credit card for any consumer(s) or to assist any consumer(s) in obtaining credit or a credit card, do forthwith cease and desist from:

1. Representing directly or by implication, in any manner, contrary to fact, that they:

(a) Will obtain credit or a credit card for, or will send a credit card to, any member of the public;

(b) Have developed any working or other relationship with any credit card issuer or other creditor that issues or will issue credit cards or grants or will grant credit;

(c) Will provide a full or partial refund of any fee paid to secure or obtain credit or a credit card.

2. Misrepresenting in any manner:

(a) The conditions under which any consumer can secure or obtain credit or a credit card or the likelihood that any consumer will secure or obtain credit or a credit card, including, but not limited to, the percentage or number of credit applicants who receive credit and whether bankruptcy, no credit history or a prior, adverse credit history make it more difficult to secure or obtain credit or a credit card;

(b) The extent to which help will be given any consumer to secure or obtain credit or a credit card;

(c) The conditions under which any refund will be furnished to any consumer.

II.

It is further ordered, That respondent Service One International Corporation shall:

1. Within twelve months after the date of service of this order, send by first class mail in the manner described below, a copy of the notice that is affixed hereto as Attachment A, to each person who between

