

IN THE MATTER OF

CONSUMERS PRODUCTS OF AMERICA, INC., ET AL.

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

Docket 8679. Complaint, Mar. 1, 1966—Decision, Sept. 7, 1967

Order requiring three affiliated Pennsylvania sellers of encyclopedias and other publications to cease using "bait and switch" tactics, using the word "free" deceptively, falsely representing that their offers to sell are limited, and that they are affiliated with established collection agencies or non-profit educational organizations.

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 Consumers Products of America, Inc., a corporation, Eastern Guild, Inc., a corporation, Keystone Guild, Inc., a corporation, and Jack Weinstock, Nat Loesberg, Jack Gerstel, and Louis Tafler, individually and as officers of said 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 Consumers Products of America, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business located at 1315 Vine Street, in the city of Philadelphia, State of Pennsylvania.

Respondent Eastern Guild, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business located at the above stated address.

Respondent Keystone Guild, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business located at 908 Penn Avenue, in the city of Pittsburgh, State of Pennsylvania.

Respondents Jack Weinstock, Nat Loesberg, Jack Gerstel and Louis Tafler are officers of the corporate respondents. Their office and principal place of business is located at 1315 Vine Street, in the city of Philadelphia, State of Pennsylvania. They formulate,

direct and control the acts and practices of the said corporate respondents, including the acts and practices hereinafter set forth.

In the course and conduct of their business operations, as hereinafter set forth, the respondents adopted and used various trade names. For example, respondents Consumers Products of America, Inc., and Keystone Guild, Inc., trade and do business as Educational Foundation and Consumers Educational Service. Respondent Eastern Guild, Inc., trades and does business as E-G Ltd. Other trade names also were employed.

All of the respondents, both corporate and individual, cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of encyclopedias, dictionaries and other books and publications to the public.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said products, when sold, to be shipped from their places of business in the State of Pennsylvania, or from the point of publication thereof, to purchasers thereof located in various States of the United States other than the States in which said shipments originate and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. The principal items offered for sale and sold by respondents, as aforesaid, are sets of encyclopedias. One set is advertised and sold under the name "World-Wide Encyclopedia." It consists of 10 volumes and sells for \$9.95—\$1.00 down and \$1.00 a week. The other set is sold under the name "New Standard Encyclopedia." It consists of 14 volumes and sells for \$159.50 and is described as a 3-in-1 deal. The deal includes the encyclopedia, an information service and a quarterly loose leaf extension service. This encyclopedia or 3-in-1 deal is not advertised.

PAR. 5. In the course and conduct of their aforesaid business and for the purpose of securing leads to prospective purchasers for their higher priced encyclopedia, the New Standard Encyclopedia, the respondents have made and are making numerous statements and representations in advertising inserted in newspapers and various other advertising media of interstate circulation concerning their "World-Wide Encyclopedia."

Among and typical of such advertisements is the following:

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Complaint

FREE

With this sensational offer
This 960-Page "Thumb-Indexed"
WEBSTER'S DICTIONARY

(Picture of)
()
(Dictionary)

YOURS AS A GIFT

To Introduce you to the New
WORLD-WIDE ENCYCLOPEDIA

(Picture of Set)
()
()

ALL 10 VOLUMES

\$9.95
\$1 Down

\$1 Week

PLUS

Webster's New National
Dictionary Free of Charge!

**YOU'VE ALWAYS WANTED TO
OWN A SET OF ENCYCLOPEDIA
—NOW YOU CAN AFFORD IT!**

Send No Money!
Here's All You Do!

Just fill in and
Mail the coupon at right.

We will immediately send
you a set of the **WORLD-
WIDE ENCYCLOPE-
DIA**, together with the
Free Dictionary. Exam-
ine them carefully. You
and you alone must be
fully satisfied. If you are
convinced, as we are
sure you will be, that this
is truly an amazing edu-
cational bargain, keep
the set and your Free
Dictionary, and pay for
the same on easy terms
of \$1.00 in 5 days and
the balance in convenient
installments of \$1.00 a
week, a total of only
\$9.95 (which includes de-
livery charges). Other-
wise simply return the
books—**YOU ARE NOT
OBLIGED TO KEEP
THEM**. So don't delay.
Be sure to take advan-
tage of this limited offer.

This Offer Expires in 10 days!

**VALUABLE GIFT
CERTIFICATE**

Educational Foundation Dept. J
1315 Vine St., Philadelphia 7, Pa.

Without any obligation to me,
please send me immediately, pre-
paid, for 5 DAYS FREE EXAMI-
NATION, the 10-volume set of the
new **WORLD-WIDE ENCYCLO-
PEDIA**. After 5 days I will either
return the set and owe you noth-
ing, or keep it and send you \$1.00
down, and the balance \$1.00 a
week until the special introductory
price of only \$9.95 has been paid
(no other charges).

FREE GIFT Also send me the
Thumb-Indexed **WEBSTER'S**
New National Dictionary as a
gift. The Dictionary is mine
FREE of charge.

NAME

STREET

Rural Route Box Number

P.O. Box Number

City and State Tel No.

PAR. 6. By and through the use of the above quoted statements
and representations, and others of similar import and meaning

not expressly set out herein, the respondents, directly or by implication, represented and now represent:

1. That they were making a bona fide offer to sell the said World-Wide Encyclopedia at the price and on the terms and conditions therein stated.

2. That said encyclopedia and dictionary will be delivered to prospective purchasers for a five-day free examination without further condition, obligation or requirement.

3. That said offer is limited and expires within ten days.

4. That the dictionary is "free" and is delivered to and may be retained by all prospective purchasers without charge, condition or obligation other than as set forth in said advertisement.

5. That said encyclopedia is comprehensive, complete, authoritative, new and up-to-date.

6. Through the use of the trade name "Educational Foundation," that they operate a nonprofit organization engaged in educational work.

PAR. 7. In truth and in fact:

1. Respondents' offer contained in said advertisement does not constitute a bona fide offer to sell the said World-Wide Encyclopedia at the price and on the terms and conditions therein stated. Said offer was and is made for the purpose of obtaining leads and information as to persons interested in the purchase of an encyclopedia. After obtaining said leads, respondents did not and do not simply mail or deliver said encyclopedia and dictionary to the prospective purchasers on the terms and conditions stated in the advertisement. On the contrary, respondents' salesmen call on said prospective purchasers and proceed to disparage and make numerous derogatory remarks respecting the completeness, quality, suitability, etc., of said World-Wide Encyclopedia. They make every effort to sell to the prospective purchaser respondents' "New Standard Encyclopedia" for the amount of \$159.50.

2. Said encyclopedia and dictionary are not delivered to prospective purchasers for a five-day free examination without further condition, obligation or requirement. As hereinabove described, prospective purchasers are subjected to a sales presentation for a wholly different and far more expensive encyclopedia.

3. Said offer is not limited and does not expire within ten days. It is a continuing offer repeatedly advertised by respondents.

4. Said dictionary is not "free" and is not delivered to and may not be retained by all prospective purchasers without charge, condition or obligation.

5. Said World-Wide Encyclopedia is not comprehensive, complete, authoritative, new or up-to-date.

6. Said offer made under the trade name "Educational Foundation" is not an offer made by a nonprofit organization engaged in educational work. Said name is only a trade name employed by respondents for a private enterprise operated for profit.

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

PAR. 8. In the course and conduct of their business as aforesaid, the respondents, for the purpose of servicing and collecting their accounts, adopted and used various fictitious trade names such as Metropolitan Credit Bureau, The First Fidelity Company, and Voght Collection Service. In addition to the use of the aforesaid trade names, respondents wrote letters to the purchasers of their encyclopedias on the stationery of said agencies. For example, on the letterhead of The National Fidelity Company the following letter was sent to said purchasers:

Dear Customer:

We have approved your application for credit in the amount of \$159.50 for 23 months for purchase of THE NEW STANDARD ENCYCLOPEDIA as presented to us by E. G. LTD.

We are enclosing your coupon book which you should use when making payments on this transaction. Please read carefully the instructions on the cover of the book and make payments as specified by mail or directly at the time sales office.

In financing your installment purchase through us you are building additional credit for yourself that will be useful in all sorts of future transactions. Prompt payment is important, affixing this measure of character and dependability with your name. Consequently, if any emergency arises that may upset your payment schedule, please call. We may be able to help you avoid a situation that can mar your credit record.

We hope you will find your association with us pleasant and profitable.

Very truly yours,

THE FIRST NATIONAL FIDELITY CO.

/s/ George Marchand

Time Sales Division

Another letter on the letterhead of Metropolitan Credit Bureau sent to delinquent accounts reads in part:

All affiliated members report to this Bureau the names of their customers who have become delinquent in payment of their accounts. Such information is recorded in our files and under proper conditions is available to all credit corporations.

FIRST NATIONAL FIDELITY CO., Re. E.G. INC. informs us that you have failed either to settle or to adjust your account to which your attention was directed in a recent letter.

PAR. 9. By and through the use of the above quoted statements and representations and trade names, and others of similar import and meaning not expressly set out herein, the respondents represented and now represent, directly or by implication:

1. That the First National Fidelity Company is a bona fide, independent financial institution engaged in financing, servicing and collecting installment purchases.

2. That the Metropolitan Credit Bureau is a bona fide, independent credit reporting agency and collection agency engaged in keeping records and reporting on the credit standing or rating of persons, firms or corporations and engaged in the collection of delinquent accounts which have been referred to them by third parties.

PAR. 10. In truth and in fact:

1. The First National Fidelity Company is not a bona fide, independent financial institution engaged in financing, servicing and collecting installment purchases. It is simply a fictitious name used by respondents in their financing and servicing of installment contracts.

2. The Metropolitan Credit Bureau is not a bona fide, independent credit reporting agency and collection agency engaged in keeping records and reporting on the credit standing or rating of persons, firms and corporations and engaged in the collection of delinquent accounts which have been referred to them by third parties. It, too, is simply a fictitious name used by respondents in their efforts to collect money owed to them by purchasers of merchandise on credit.

3. As indicated above, respondents also use various other fictitious names which create the false impression that the referenced organization is a bona fide business engaged in financing, servicing, credit reporting or collections.

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

PAR. 11. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of encyclopedias, dictionaries and other books and publications of the same general kind and nature as those sold by respondents.

PAR. 12. The use by respondents of the aforesaid false, deceptive and misleading statements and representations and practices has had, and now has, the capacity and tendency to mislead and deceive a substantial number of members of the purchasing public

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into the erroneous and mistaken belief that such statements and representations were and are true, and to cause substantial numbers of the purchasing public to purchase substantial quantities of respondents' products because of such erroneous and mistaken belief.

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 of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

Mr. Charles W. O'Connell and Mr. Fauster Vittone supporting the complaint.

Goodis, Greenfield, Marin & Mann, Philadelphia, Pa., by Mr. Theodore R. Mann for respondents.

INITIAL DECISION BY ANDREW C. GOODHOPE, HEARING EXAMINER

JANUARY 10, 1967

The Federal Trade Commission issued its complaint against respondents on March 1, 1966, charging them with violations of Section 5 of the Federal Trade Commission Act as a result of their advertising, sales methods and procedures used in collecting delinquent accounts in connection with their sale of the World-Wide Encyclopedia and the New Standard Encyclopedia. The respondents filed an answer in which they admitted certain allegations of the complaint but denied that they had violated Section 5 of the Federal Trade Commission Act in any manner.

This matter is before the hearing examiner for final consideration on the complaint, answer, evidence and the proposed findings of fact and conclusions and memoranda and briefs filed by counsel for respondents and counsel supporting the complaint. Consideration has been given to the proposed findings of fact and conclusions and briefs submitted by both parties, and all proposed findings of fact and conclusions not hereinafter specifically found or concluded are rejected, and the hearing examiner, having considered the entire record herein, makes the following findings of fact, conclusions drawn therefrom and issues the following order:

FINDINGS OF FACT

1. Respondent Consumers Products of America, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its office

and principal place of business located at 1315 Vine Street, Philadelphia, Pennsylvania.

2. Respondent Eastern Guild, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business located at 1315 Vine Street, Philadelphia, Pennsylvania.

3. Respondent Keystone Guild, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business located at 908 Penn Avenue, Pittsburgh, Pennsylvania.

4. Respondents Jack Weinstock, Nat Loesberg and Louis Tafler are officers and stockholders of the corporate respondents. Their office and principal place of business is located at 1315 Vine Street, Philadelphia, Pennsylvania. They formulate, direct and control the acts and practices of the said corporate respondents, including the acts and practices hereinafter set forth (Tr. 422-424).

5. Jack Gerstel was an officer and stockholder of the corporate respondents until September 1965 engaged in teaching and training new salesmen and handling salesmen in the field. His function was that of sales manager (Tr. 422). He is no longer in any way connected with the business activities of the respondents except as a stockholder (Tr. 424).

6. Respondents have adopted and used various trade names, discussed hereinafter, including the names: Educational Guidance Service (CX 15A); Consumers Educational Service (CX 15F); Educational Foundation (CX 4A, CX 16); E. G. Ltd. (CX 22), and E. G. Inc. (CX 23).

7. All of the respondents described above, both corporate and individual, have been active in and are responsible for all of the business activities discussed hereinafter.

8. Respondents are now, and since at least 1960, have been engaged in advertising and selling encyclopedias, dictionaries and other books and publications to the public. In the course and conduct of this business, respondents have caused their products to be advertised, sold and shipped in interstate commerce and have maintained a substantial course of trade in such commerce, as "commerce" is defined in the Federal Trade Commission Act (Resp. Ans., Par. 3; Tr. 418).

9. The principal publications offered for sale and sold by respondents are two sets of encyclopedias: World-Wide Encyclopedia and New Standard Encyclopedia. The World-Wide Encyclopedia consists of ten volumes and sells for \$9.95. The New Standard Encyclopedia consists of fourteen volumes and sells for \$159.50.

Included with the New Standard Encyclopedia is an information service and a quarterly loose-leaf extension service. The World-Wide Encyclopedia is sold by Consumers Products of America, Inc. (Tr. 415), and the New Standard Encyclopedia is sold by Eastern Guild, Inc. (Tr. 427).

10. Consumers Products advertises World-Wide Encyclopedia primarily through newspaper advertisements, car cards for use in transit systems, TV Guide and television (Tr. 416-417). Consumers Products expends approximately \$4,000 a month in advertising World-Wide Encyclopedia (Tr. 425). Eastern Guild, Inc., does no advertising of the New Standard Encyclopedia. No salesmen are employed by Consumers Products in selling World-Wide Encyclopedia (Tr. 516). An average of 12 salesmen per year are employed by Eastern Guild, Inc., to sell the New Standard Encyclopedia (Tr. 426). Respondents' advertising budget for World-Wide is approximately \$48,000 a year but sales of World-Wide average approximately \$11,000 per year (Tr. 544-545).

11. Typical of the advertisements for the sale of World-Wide Encyclopedia placed by respondents in the newspapers, car cards and TV Guides since 1960 is the following:*

12. Based upon this advertisement and others of a similar nature (CX 15-21), counsel in support of the complaint contend that the respondents have made a number of false and misleading statements. (1) That the ads constitute a bona fide offer to sell World-Wide Encyclopedia at the price and on the terms stated in the ads. (2) That the World-Wide Encyclopedia and the dictionary will be delivered to prospective purchasers with a five-day free examination without any further condition, obligation or requirement. (3) That the offer in the ads is limited and expires within ten days. (4) That the dictionary is "free" and is delivered to and may be retained by all prospective purchasers without charge, condition or obligation other than as set forth in the advertisement. (5) That World-Wide Encyclopedia is comprehensive, complete, authoritative, new and up-to-date. (6) That through use of the trade name "Educational Foundation" that respondents operate a nonprofit organization engaged in educational work.

13. Respondents' advertisements of the World-Wide Encyclopedia are quite clearly made for the purpose of obtaining the names and addresses of people who are interested in the purchase of an encyclopedia principally for the use and education of their children. When the coupon is filled out by a prospective buyer and sent into the respondents' place of business, the encyclopedia is not shipped

* Pictorial exhibit omitted in printing.

prepaid or any other way to the prospective purchaser, nor is the dictionary. Instead, a salesman calls upon the prospective customer, demonstrates at the most one copy of the World-Wide Encyclopedia and quickly introduces the purchaser to the more expensive New Standard Encyclopedia and bends every effort to sell the New Standard Encyclopedia. This is nothing more than an age old bait and switch operation with the advertisement of the World-Wide Encyclopedia being the bait to get the prospective purchaser's name and address and thereafter switch him to the New Standard Encyclopedia. Respondents urge that the evidence of actual disparagement of the World-Wide Encyclopedia is lacking. In the examiner's opinion, it is not necessary that to constitute a successful bait and switch scheme that the disparagement need be any more than is demonstrated by this record. A bait and switch operation, when used by a skillful operator, can be so effective that the victim is practically unaware of what has happened to him until his name is on a contract and the salesman gone and he has some time to reflect upon what has happened to him.

14. A comparison of the annual sales of the two encyclopedias further demonstrates that virtually no attempt is made to sell the World-Wide. Sales from 1962 to 1965 are as follows:

	New Standard	World-Wide
1960	\$600,000	\$2,680
1962	528,000	8,460
1963	646,400	12,610
1964	631,200	12,060
1965	600,800	18,870 (TR. 541-542; 544-545.)

15. Furthermore, when one compares respondents' total sales of the World-Wide Encyclopedia with its annual advertising expense on the World-Wide of \$48,000 per year, it is quite apparent what the plan of operation is. Respondents do no advertising whatsoever of the New Standard Encyclopedia. In addition the fact that respondents employ no salesmen to sell the World-Wide Encyclopedia but do to sell the New Standard is convincing proof that this is simply a bait and switch plan. The salesmen receive no commission or salary for selling or delivering the World-Wide Encyclopedia. Their entire sales commissions are based upon their sales of New Standard Encyclopedia. It appears that their only contact with the World-Wide Encyclopedia is to carry a somewhat worn copy in their brief case to attempt to establish a facade of complying with the terms of the advertisements quoted above, but in

reality, is nothing more than a lead in to the bait and switch operation.

16. The witnesses who appeared and testified in this matter were unanimous that no serious attempt was made to sell them the World-Wide Encyclopedia, that only brief reference was made thereto and the entire sales presentation by respondents' sales organization was directed to selling the New Standard Encyclopedia (Tr. 70, *et seq.*; 86, *et seq.*; 103, *et seq.*; 120, *et seq.*; 134, *et seq.*; 168, *et seq.*; 179, *et seq.*; 206, *et seq.*; 313, *et seq.*; 369, *et seq.*; and 462, *et seq.*). Consequently, it must be concluded that respondents' ads do not constitute bona fide offers to sell the World-Wide Encyclopedia on the terms set forth in the advertisements.

17. The testimony of the witnesses was also unanimous that respondents never mailed or delivered prepaid as the ads state any copies of the World-Wide Encyclopedia for a 5-day free examination. No such opportunity was ever given any of the witnesses who appeared and testified. Instead, a salesman called with one copy of the World-Wide Encyclopedia and immediately began to discourage its purchase and encourage the purchase of the New Standard Encyclopedia.

18. Respondents' advertisements have been run in various newspapers, TV Guides, car cards and television for a number of years. There has been no limitation as to time ever enforced by the respondents. Indeed, in Paragraph 7 of the respondents' answer, respondents admitted that they will deliver the World-Wide Encyclopedia to a prospective customer "even if the response to the advertisement is not mailed within said ten-day period, if its salesmen are still within the community after said ten days has expired."

19. The entire sense of respondents' advertisements is that if anyone mails in the coupon which is a part of the advertisement, he will receive prepaid for a 5-day free examination the World-Wide Encyclopedia and a copy of "Webster's Dictionary." The ads leave no doubt that anyone may keep the Webster's Dictionary even though he may decide after examination not to purchase the World-Wide Encyclopedia. The terms of this advertisement are never carried out since the dictionary is only given to a customer who actually purchases the World-Wide Encyclopedia or the New Standard Encyclopedia. In addition, since the condition is imposed by the respondents that one or the other set of encyclopedias must be purchased before the dictionary is given to anyone, it cannot be considered to be a free gift as the ad asserts. Rather, it is given on

the condition that another purchase be made and is therefore not a free gift.

20. Respondents' claims in their advertising that the World-Wide Encyclopedia is comprehensive, complete, authoritative, new and up-to-date are also false and deceptive. An examination of the World-Wide Encyclopedia makes it quite obvious that it is at best a very cheap set, poorly printed on poor paper. A brief study of some of the entries demonstrates the lack of accurate and complete information. An expert was called by counsel in support of the complaint to criticize the World-Wide Encyclopedia. Her testimony was quite confused but she nevertheless amply demonstrated that the World-Wide Encyclopedia is a very poor set (Tr. 35, *et seq.*; 593, *et seq.*). Respondents' advertising claims cannot be considered to be merely harmless puffing since the claims are so extreme and are distinctly a part of respondents' bait and switch method of sales.

21. In their advertisements, respondents from time to time have used the name "Educational Foundation." The use by respondents of this term constitutes false and deceptive advertising since it clearly imports that the respondents are engaged in some sort of nonprofit operation. The respondents are in no way engaged in an eleemosynary program but are strictly in business for profit. *In the Matter of American Photographic Society, et al.*, 54 F.T.C. 524; see also *In the Matter of Atlantic Research Foundation, Inc., et al.*, 46 F.T.C. 558. Consequently, their use of this term constitutes false and misleading representations.

22. At the time respondents make a sale of the New Standard Encyclopedia through their sales force, the purchaser signs a contract with the Eastern Guild, Inc. (CX 22). Within a very short time the customer receives a payment booklet with a covering letter from The First National Fidelity Co. (CX 23A and B). The letter to the customer advises that The First National Fidelity Co. has approved the customer's application for credit and states that this company is handling the financing of the installment purchase of the New Standard Encyclopedia. In the event a payment is not sent in to The First National Fidelity Co. by the customer, a number of follow-up letters are used on the letterhead of The First National Fidelity Co. (CX 24A-C, 25). The First National Fidelity Co. is a fictitious name used by the respondents for collection purposes. It is not an independent corporation or organization, but is completely owned, operated and controlled by the respondents (Tr. 439, *et seq.*).

23. In the event there are further non-payments of the amounts due for the purchase of a New Standard Encyclopedia, the customer then receives letters from the Metropolitan Credit Bureau soliciting payment of the delinquent account. The import of these letters (CX 26A and B) is that the Metropolitan Credit Bureau is separate and distinct both from The First National Fidelity Co. and from the respondents, corporate and individual. In fact, the Metropolitan Credit Bureau is merely a fictitious name used by respondents in attempting to collect delinquent accounts. The Metropolitan Credit Bureau is owned, operated and controlled completely by the respondents.

24. The next step in attempting to collect delinquent accounts is the use of a number of letters from the Vogt Collection Agency (CX 27A and B, 28A and B). These letters clearly import that the Vogt Collection Agency or Vogt Collection Service is a separate and distinct collection agency from The First National Fidelity Co. and any of the respondents, corporate or individual. The fictitious trade name, Metropolitan Credit Bureau, is also used in connection with the Vogt Collection Agency or Service correspondence. In fact the Vogt Collection Agency is merely a fictitious name used by the respondents to collect delinquent accounts. The Vogt Collection Agency is owned, operated and controlled by the respondents.

25. Through the use of these fictitious names, the respondents have represented that The First National Fidelity Company, the Metropolitan Credit Bureau and the Vogt Collection Agency are independent financial institutions or credit reporting and collecting agencies engaged in the collection of accounts and delinquent accounts which have been referred to them by a separate and distinct third party.

26. The First National Fidelity Co., the Metropolitan Credit Bureau and the Vogt Collection Agency are not bona fide, independent financial institutions engaged in financing, servicing and collecting installment or delinquent accounts. They are simply fictitious names used by the respondents in financing and collecting accounts and delinquent accounts (Tr. 439, *et seq.*). Consequently, their use by respondents constitutes false and misleading representations.

27. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of encyclopedias, dictionaries and other books and publications of the same general kind and nature as those sold by respondents. (Admitted in Resp. Ans., Para. 11.)

