

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.

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, 420 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  
 (39) 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 90212VISA and MASTERCARD are registered  
trademarks of VISA International and  
MASTERCARD International respectively.

© 1983 First Credit Services

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

VISA and MASTERCARD are registered trademarks of VISA International and MASTERCARD International, respectively.  
 © 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... 707- PET TRAINING... 708-STUD SERVICE

708-STUD SERVICE... 800-AUTOS FOR SALE... 800-PROBLEMS NO CREDIT

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) 725-1070

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

106 F.T.C.

**Give Yourself Credit...**

**Regardless of past credit Experience**  
FIRST CREDIT SERVICES

**VISA**  
The world's most widely accepted credit card. It's available in over 200 countries and is accepted by over 100 million merchants and over 100 million of our users. It's the credit card of choice for all.

**Member Bank MasterCard**  
Member Bank MasterCard is the most widely used credit card in the world. It's accepted by over 100 million merchants and over 100 million of our users. It's the credit card of choice for all.

**Conoco**  
Conoco is the most widely used credit card in the world. It's accepted by over 100 million merchants and over 100 million of our users. It's the credit card of choice for all.

**Hertz**  
Hertz is the most widely used credit card in the world. It's accepted by over 100 million merchants and over 100 million of our users. It's the credit card of choice for all.

**Texaco**  
Texaco is the most widely used credit card in the world. It's accepted by over 100 million merchants and over 100 million of our users. It's the credit card of choice for all.

**VISA Money Card**  
VISA Money Card works like a check and is accepted like a check and is your business credit card. It's the most widely used credit card in the world. It's accepted by over 100 million merchants and over 100 million of our users. It's the credit card of choice for all.

**Courtesy Express**  
Courtesy Express is the most widely used credit card in the world. It's accepted by over 100 million merchants and over 100 million of our users. It's the credit card of choice for all.

**MasterCard**  
MasterCard is the most widely used credit card in the world. It's accepted by over 100 million merchants and over 100 million of our users. It's the credit card of choice for all.


**First Credit Services**  
First Credit Services is the most widely used credit card in the world. It's accepted by over 100 million merchants and over 100 million of our users. It's the credit card of choice for all.



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## EXHIBIT 6

DATE: &DATE&	REFER ID: #&CLIENIN0&
&FNAME& &LNAME& &STREET& &CITY&, &STATE& &ZIP1&	 <b>FIRSTCREDITSERVICES</b>

Dear &amp;FNAME&amp; &amp;LNAME&amp;:

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<sup>®</sup> provides integrated credit counseling.

How does the Total Credit Concept<sup>®</sup> 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<sup>®</sup> 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

February 1, 1982, and the date of service of this order paid money to First Credit Services in connection with its credit card program and has not received a refund of the full amount paid. If ninety percent or more of the customers to whom the notice is sent within the first three months after the date of service of this order return the notice within six months after the date of service of this order, the words "twelve months" in the first line of subparagraph 1 are changed to "eighteen months." The notice shall appear by itself in not less than 12 point bold face type, on one side of a sheet of paper not less than 8½ inches by 11 inches. The print shall be black and the color of the paper shall be yellow. The notice shall be accompanied by a postage-prepaid, addressed return envelope. The notice may be accompanied by not more than 3 other pieces of paper, none of which shall be larger than the notice or the same color as the notice. The notice shall be mailed to the customer at the last known address shown in respondent's records for said customer. The face of the envelope in which the notice is mailed to the customer shall contain the following phrase printed in 12 point bold face type: "First Credit Services-Refund Offer."

2. Send by first class mail a refund check to each customer who returns the notice with Option 1 checked. Service One International Corporation shall also mail a refund check to each such customer who requests a refund by any other method. In each case the refund check shall be made payable to the customer for the total amount the customer paid, less any refund previously provided the customer and be mailed within 30 days of receipt of the notice or other request to the address the customer provides. If the customer does not provide an address, the check shall be mailed to the address to which the notice described in II(1) was mailed or to the customer's last known address, whichever is most recent.

3. Within thirty days of receipt of the notice, send by first class mail to each customer who returns the notice with Option 2 checked, to the address the customer provides:

(a) (1) a letter stating that the customer has been approved for a Visa or MasterCard credit card together with the name and address of the institution to which the customer should send the \$250 to serve as a minimum balance for the savings account; and

(2) a postage prepaid envelope made out to that name and address;  
or

(b) (1) a letter stating that the customer has not been approved for a Visa or MasterCard credit card (which letter shall be in addition to the adverse action notice required by the Equal Credit Opportunity

Act, 15 U.S.C. 1691 *et seq.*, and Section 202.9 of Regulation B, 12 C.F.R. 202); and

(2) a refund check payable to that customer for the total amount the customer paid, less any refund previously provided the customer.

If the customer does not provide an address, the items shall be mailed to the address to which the notice described in Paragraph 1 of Section II was mailed or to the customer's last known address, whichever is most recent.

4. Within thirty days after receipt of \$250 by the card issuing institution on behalf of each customer described in Subparagraph 3(a), above, send such customer by first class mail a Visa or MasterCard credit card in that customer's name, which that customer may use in connection with a credit card account opened in his or her name. The address to which the card shall be sent shall be determined in the manner described in Paragraph 3, above.

### III.

*It is further ordered,* That respondents shall maintain for at least three (3) years and, upon request, make available to the Federal Trade Commission for inspection and copying:

1. Copies of all advertising and promotional materials concerning any service or material offered to help secure or obtain credit or a credit card.

2. Copies of all advertising and promotional materials concerning any offer of a refund.

3. Copies of all requests made for a refund and of all correspondence and other records relating to such requests, as well as evidence of what refunds are made.

### IV.

*It is further ordered,* That respondents shall notify the Federal Trade Commission at least thirty (30) days prior to any proposed changes such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporate structure of respondents that may affect compliance obligations arising out of this order.

### V.

*It is further ordered,* That respondents shall deliver a copy of this order to each present and future employee engaged in preparing or

making any oral or written representations to consumers concerning the securing or obtaining of credit or a credit card or the making of any refund offer or engaged in the granting or denying of refund requests and obtain from such person a signed statement acknowledging receipt of a copy of this order.

## VI.

*It is further ordered,* That respondents herein shall within sixty (60) days after the date of service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

## ATTACHMENT A

## PREVIOUS SUBSCRIBERS OF FIRST CREDIT SERVICES:

NOTE THIS REFUND OFFER

If you previously paid money to First Credit Services to get a credit card, you may choose either Option 1, or Option 2, as part of an agreement with the Federal Trade Commission.

*Option 1.* If you decide not to participate in Service One Corporation's new credit offer outlined below, Service One will refund to you the money you paid to First Credit Services, if you so request.

*Option 2.* You may apply for a Visa/Mastercard credit card through Service One Corporation, using the enclosed application, and you pay *no processing fee*. To obtain a card, from us you must establish and maintain a savings account with a minimum balance of \$250 with the card issuer and you will be billed for a \$35 annual card fee. If your application is rejected, we will automatically refund in full any fee you paid to First Credit Services when you previously applied to First Credit Services for credit.

**CHECK THE APPROPRIATE BOX, FILL IN YOUR NAME AND ADDRESS,  
AND RETURN THIS FORM IN THE ENCLOSED BUSINESS REPLY  
ENVELOPE.**

Option 1 ( ) Please refund the money I paid to First Credit Services.

Option 2 ( ) Please accept my enclosed application for a Visa or Mastercard credit card with no processing fee.

Name \_\_\_\_\_  
Street \_\_\_\_\_  
City \_\_\_\_\_, State \_\_\_\_\_ Zip \_\_\_\_\_

For refund assistance or more information, you may write or call us:

Service One Corporation  
Consumer Affairs Department  
21032 Devonshire Street  
Chatsworth, California 91311

Phone (818) 709-2072

IN THE MATTER OF  
NATIONAL ASSOCIATION OF TEMPORARY SERVICES, INC.  
CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF  
THE FEDERAL TRADE COMMISSION ACT

*Docket C-3173. Complaint, Nov. 5, 1985—Decision, Nov. 5, 1985*

This consent order requires an Alexandria, Va. association of temporary help companies, among other things, to cease engaging in any practices or maintaining any code of ethics provision or other written provision that has the purpose or effect of restraining the recruitment or employment of employees registered with another temporary help firm; the solicitation of another temporary help firm's clients; and the provision of temporary help employees to companies involved in a strike or lock-out. The Association is barred from affiliating or federating any organization of temporary help firms that has adopted by-laws or a code of ethics containing a prohibited provision; and required to maintain records relating to disaffiliations and refused affiliations or federations for three years. The order further requires that the Association send a copy of the complaint and order, together with an explanatory letter, to each of its current members and provide a copy of the order to all new members for a period of three years.

*Appearances*

For the Commission: *Dennis D. McFeely.*

For the respondent: *Arthur L. Herold, Webster, Chamberlain & Bean, Washington, D.C.*

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 National Association of Temporary Services, Inc., a corporation, has 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:

*Definitions:* For purposes of this complaint, the following definitions shall apply:

A. The term *temporary help employees* shall mean employees who are assigned to work for customers on a nonpermanent basis.

B. The term *temporary help firms* shall mean businesses employing temporary help employees.

C. The term *registration* shall mean the written, oral or other agreement of temporary help employees to be available to a temporary help firm for assignment to jobs.

PARAGRAPH 1. Respondent National Association of Temporary Services, Inc. (hereafter "NATS"), is a non-profit corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia. Its headquarters is at 119 South Saint Asaph St., Alexandria, Virginia.

PAR. 2. NATS is a trade association with approximately 400 members located in most of the states of the United States. It operates in substantial part for the economic benefit of its members and is a corporation within the meaning of Section 4 of the Federal Trade Commission Act, as amended.

Among its other activities, NATS has issued codes of ethical conduct for its members.

PAR. 3. Members of NATS primarily provide temporary help employees to businesses in the office/clerical, technical/professional, industrial, and medical fields. For supplying such employees, NATS members charge and receive payment from the businesses, usually at an hourly rate. The members in turn pay the temporary help employees for their work.

To have temporary help employees available to provide to businesses, NATS members and other firms in the temporary help industry make efforts to obtain the registrations of individuals who will work for them. These efforts may include advertising and direct solicitation of persons employed by other temporary help firms.

Except to the extent that competition has been restrained as herein alleged, members of NATS have been and now are in competition among themselves and with other temporary help firms in the procurement and sale of temporary services.

PAR. 4. Some of the members of NATS are firms with offices in many of the major cities of the United States and in the District of Columbia. These firms and other NATS members supply temporary help services across state lines and in the District of Columbia. NATS members also send and receive money, personnel, and communications across state lines as a regular and customary part of their business. As a result of these activities the acts and practices of NATS and its members, including those complained of in this complaint, are in or affect commerce within the meaning of Section 5 of the Federal Trade Commission Act, as amended.

PAR. 5. NATS and its members have entered into a combination and arrangement to maintain code of ethics provisions and to engage in acts or practices, such as providing advice on the propriety of conduct.

that have the purpose or effect of restricting, restraining, limiting, or preventing:

1. the solicitation, the recruitment, or the employment by temporary help firms of the temporary help employees registered with other temporary help firms;
2. the solicitation of and advertising directed to the customers of temporary help firms by other temporary help firms;
3. the providing of temporary help employees to potential or existing customers of temporary help firms who are involved in a strike or a lock-out.

PAR. 6. The purpose or effect of NATS' acts and practices as alleged in Paragraph Five has been to restrain trade and hinder competition in the procurement of registrations of temporary help employees, in the solicitation of customers of temporary help firms by other temporary help firms, and in the providing of temporary help employees to potential or existing customers who are engaged in a strike or lock-out.

PAR. 7. The acts, practices and methods of competition described in Paragraphs Five and Six are unfair methods of competition which violate Section 5 of the Federal Trade Commission Act, as amended.

#### 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 Seattle Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission 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 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 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, and having duly considered the comments filed thereafter by interested persons pursuant to Section 2.34 of its Rules, 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 National Association of Temporary Services, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its office and principal place of business located at 119 South Saint Asaph Street, in the City of Alexandria, Commonwealth of Virginia.

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

##### I.

For purposes of this order, the following definitions shall apply:

A. The term *NATS* means the National Association of Temporary Services, Inc., its successors or assigns, and its officers, board members, directors, committees, agents, representatives and/or employees.

B. The term *temporary help employees* shall mean employees who are assigned to work for customers on a non-permanent basis.

C. The term *temporary help firms* shall mean businesses employing temporary help employees.

D. The term *registration* shall mean the written, oral or other agreement of temporary help employees to be available to a temporary help firm for assignment to jobs.

##### II.

*It is ordered*, That NATS, directly or indirectly, or through any corporate or other device, in or affecting commerce, shall cease and desist from:

A. Maintaining any code of ethics provision, or other written provision, such as Paragraph 7 of the Code of Ethics, Paragraphs 5 and 7 of the Code of Fair Practices for Temporary Office/Clerical Services, and Paragraph 9 of the Code of Employment Practices for Medical Services which are contained in the NATS membership directory for

1983-1984, or engaging in any acts or practices, such as providing advice on the propriety of conduct, that have the purpose or effect of restricting, restraining, limiting, or preventing:

1. the solicitation, through advertising or otherwise, the recruitment, or the employment by any temporary help firm of the temporary help employees registered with any other temporary help firm;
2. the solicitation, through advertising or otherwise, of customers of a temporary help firm by any other temporary help firm;
3. the providing of temporary help employees to potential or existing customers who are involved in a strike or a lock-out.

B. Affiliating or federating as set forth in the NATS by-laws, or continuing an affiliation or federation, with any organization of temporary help firms that:

1. has adopted any by-law, code of ethics, or other provision that violates Section II.A of this order; or
2. has engaged in any act or practice that, to NATS' knowledge, violates Section II.A of this order after the date of service of this order.

### III.

*It is further ordered, That NATS shall:*

A. Send to each of its members within thirty (30) days after the date of service of this order a copy of the complaint and decision and order in this matter, along with the letter attached to this order.

B. Provide written notice of the name and address of any organization of temporary help firms within twenty (20) days of the disaffiliation or refusal of affiliation or federation pursuant to Section II.B of this order. The notice shall be sent to the Assistant Director for Compliance, Bureau of Competition, Federal Trade Commission and shall reference this matter by name of case and docket number. NATS shall keep for three (3) years all papers and records pertaining to disaffiliations and refused affiliations or federations pursuant to this paragraph.

C. Provide for a period of three (3) years from the date of service of this order to each new NATS member and affiliate a copy of the complaint and decision and order in this matter. These documents shall be provided not later than thirty (30) days after the new member is accepted into membership or the organization is accepted as an affiliate.

## IV.

*It is further ordered,* That NATS shall, within ninety (90) days after service of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which it has complied with this order.

## V.

*It is further ordered,* That NATS shall notify the Commission at least thirty (30) days prior to any proposed change in NATS including, but not limited to, disbanding, dissolution, assignment, the formation of a successor or substitute entity, or any other change in NATS which may affect compliance obligations arising out of this order.

## ATTACHMENT

[NATS letterhead]

Dear Member:

This letter is to notify you that, without admitting liability for any wrongdoing, we have voluntarily entered into an agreement with the Federal Trade Commission which resulted in the entry of a consent order on [enter date of order]. The order requires that the National Association of Temporary Services, Inc. not engage in certain practices. Copies of the complaint and order are included.

In accordance with the terms of the order, you are hereby notified that, among other requirements of the order, NATS shall not restrict, restrain or in any way interfere through application of the NATS Codes of Ethics or otherwise with 1) the solicitation, through advertising or otherwise, the recruitment, or the employment by any temporary help firm of the temporary help employees of any other temporary help firm; 2) the solicitation, through advertising or otherwise, of customers of a temporary help firm by any other temporary help firm; or 3) the providing of temporary help employees to customers who are engaged in a strike or a lock-out.

Moreover, if any NATS affiliate association uses a code of ethics to restrict or limit the solicitation or recruitment of temporary help, such action will result in NATS disaffiliating with that association.

As you may know, we previously repealed the specific language in the Code of Good Practices for Office Services which had condemned direct solicitation of individuals employed by competing firms. The terms of the consent agreement with the FTC are consistent with this change in the Code of Good Practices.

This letter summarizes the important parts of the order, but you should read it carefully in its entirety.

Sincerely,

Samuel R. Sacco  
Executive Vice-President

IN THE MATTER OF  
COLUMBIAN ENTERPRISES, INC., ET AL.

CONSENT ORDER IN REGARD TO ALLEGED VIOLATION OF THE FEDERAL  
TRADE COMMISSION ACT AND SEC. 7 OF THE CLAYTON ACT

*Docket 9177. Complaint, May 8, 1984—Decision, Nov. 13, 1985*

This consent order requires a Tulsa, Okla. producer and distributor of carbon black, a component in the manufacture of natural and synthetic rubber, among other things, to obtain Federal Trade Commission approval before acquiring substantial assets or stock in its competitors' production facilities. Such approval is needed if the total acquisitions over a five year period would increase the respondent's yearly carbon black production capacity by 130 million pounds or more.

*Appearances*

For the Commission: *Michael Wise.*

For the respondents: *C. Loring Jetton, Jr., John Rounsaville, Jr. and Robert M. Pozin, Wilmer, Cutler & Pickering, Washington, D.C.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Columbian Enterprises, Inc. ("Columbian") intends to acquire all of the voting securities of Continental Carbon Company ("Concarb"), a wholly owned subsidiary of Conoco Inc. ("Conoco"), in violation of Section 7 of the Clayton Act, as amended (15 U.S.C. 18), and Section 5 of the Federal Trade Commission Act, as amended (15 U.S.C. 45); and it appearing that a proceeding by the Commission in respect thereof would be in the public interest, the Commission hereby issues its Complaint, pursuant to Section 11 of the Clayton Act (15 U.S.C. 21) and Section 5(b) of the Federal Trade Commission Act (15 U.S.C. 45(b)), stating its charges as follows:

I. COLUMBIAN ENTERPRISES, INC.

1. Respondent Columbian Enterprises, Inc. is a corporation organized and existing under the laws of the State of New York with its corporate headquarters at 425 Park Avenue, New York, New York.

II. CONOCO INC.

2. Respondent Conoco Inc. is a corporation organized and existing under the laws of the state of Delaware with its corporate headquarters at 1007 Market Street, Wilmington, Delaware.

## III. JURISDICTION

3. At all times relevant herein, each of the companies named in this Complaint has been engaged in activities that are in or affecting commerce as "commerce" is defined in Section 1 of the Clayton Act, as amended (15 U.S.C. 12), and Section 4 of the Federal Trade Commission Act, as amended (15 U.S.C. 44).

## IV. THE PROPOSED ACQUISITION

4. On November 12, 1983, Columbian entered into an agreement to acquire 100 percent of the voting securities of Concarb.

## V. TRADE AND COMMERCE

5. The relevant product market in which to assess the competitive effects of the acquisition is the market for carbon black.

6. The relevant geographic market in which to assess the competitive effects of the acquisition is the United States.

7. The relevant market is highly concentrated.

8. Barriers to entry into the production and distribution of the relevant product are substantial.

9. Both Columbian and Concarb are substantial competitors in the relevant product and geographic markets.

## VI. EFFECTS OF THE PROPOSED ACQUISITION

10. The effect of the proposed acquisition, if consummated, may be to substantially lessen competition or tend to create a monopoly in the relevant markets in violation of Section 7 of the Clayton Act, as amended (15 U.S.C. 18), and Section 5 of the Federal Trade Commission Act, as amended (15 U.S.C. 45), inasmuch as it will, among other things, result in the following:

(a) Eliminate substantial actual competition between Columbian and Concarb in the relevant market;

(b) Eliminate Concarb as a substantial competitor in the relevant market;

(c) Substantially increase concentration in an already highly concentrated market, therefore increasing the likelihood of collusion;

(d) Encourage additional mergers or acquisitions in the relevant market, thereby further increasing the likelihood of collusion;

(e) Tend to reduce the degree of price competition in the relevant market;

(f) Tend to reduce the volume of production of carbon black below competitive levels; and

(g) Tend to reduce actual competition among other companies engaged in the production and distribution of the relevant product.

## VII. VIOLATIONS CHARGED

11. The proposed acquisition constitutes a violation of Section 5 of the Federal Trade Commission Act, as amended (15 U.S.C. 45), and, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended (15 U.S.C. 18).

## DECISION AND ORDER

The Commission having heretofore issued its complaint charging the respondent named in the caption hereof with violation of Section 7 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, as amended, and the respondent having been served with a copy of that complaint, together with a notice of contemplated relief; 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 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 Secretary of the Commission having thereafter withdrawn this matter from adjudication in accordance with Section 3.25(c) of its Rules; and

The Commission having considered the matter 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 3.25(f) of its Rules, the Commission hereby makes the following jurisdictional findings and enters the following order:

1. Respondent Columbian Enterprises, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 425 Park Avenue, in the City of New York, State of New York.

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 purposes of this order the following definitions shall apply:

*Rubber carbon black* means furnace-process and thermal-process carbon black used for the manufacture of rubber.

*Columbian* means Columbian Enterprises, Inc., as well as its officers, employees, agents, its parents, divisions, subsidiaries, successors, assigns, and the officers, employees or agents of its parents, divisions, subsidiaries, successors and assigns.

*Rubber carbon black production capacity* means the practical annual productive capacity in the United States of any production units, including both units currently in operation and existing units that could be put into operation with or without time delay or additional investment. The term shall not include units dedicated to the manufacture of carbon black for industrial end uses. The term shall include reactor vessels, including associated nozzles and reaction chambers, and associated baghouses and dryers, but shall not include other equipment.

## I.

*It is ordered*, That for a period of five (5) years from either (a) the date this order becomes final or (b) February 15, 1985, whichever is earlier, Columbian shall not acquire, directly or indirectly, without the prior approval of the Commission, any part of the United States rubber carbon black business of any other person or corporation, whether represented by securities or assets, other than products or securities obtained in the regular course of business, if as a result of such acquisition Columbian would cumulatively increase its United States rubber carbon black production capacity by more than 130 million pounds.

## II.

*It is further ordered*, That, while Paragraph I of this order is effective, Columbian shall notify the Commission at least thirty (30) days prior to any proposed corporate change such as dissolution, assignment of substantially all assets, sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries in the United States, that may affect compliance obligations arising out of this order.

## III.

*It is further ordered,* That (a) if the Commission dismisses its complaint in *Bass Brothers Enterprises, Inc., et al.*, Docket No. 9178 [107 F.T.C. — (1986)], with respect to Respondents Bass Brothers Enterprises, Inc. or Sid Richardson Carbon & Gasoline Co., (hereinafter collectively “Richardson”) then this order shall, upon application of Respondent, be dismissed, unless the Commission determines that the grounds for the dismissal of Richardson are a material change in the market for rubber carbon black or in the competitive significance of Richardson in that market, and the Commission finds that said grounds are not applicable to Columbian; (b) if the Commission proceeding in *Bass Brothers Enterprises, Inc., et al.* terminates with an order that does not require prior Commission approval of future acquisitions by Richardson or requires prior Commission approval for a period shorter than that set forth in Paragraph I above, then this order shall, upon application of Respondent, be modified to impose only such lesser restriction on Respondent herein; and (c) if the Commission proceeding in *Bass Brothers Enterprises, Inc., et al.* terminates with an order that permits without prior Commission approval acquisitions that would cumulatively increase Richardson’s United States rubber carbon black capacity by more than 130 million pounds (including any permitted acquisition of capacity by Richardson from Ashland,) then this order shall, upon application of Respondent, be modified to permit Respondent herein to acquire United States rubber black production capacity in the same amount.

## IV.

*It is further ordered,* That if Columbian shall make an acquisition of United States rubber carbon black production capacity permitted under this order while Paragraph I of this order is effective, it shall file with the Commission a written report describing such acquisition.  
Commissioner Calvani dissented.

Complaint

106 F.T.C.

IN THE MATTER OF  
OKLAHOMA OPTOMETRIC ASSOCIATION

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

*Docket 9191. Complaint, Feb. 28, 1985—Decision, Nov. 19, 1985*

This consent order requires the Oklahoma Optometric Association, among other things, to cease prohibiting any member optometrist from: affiliating with or operating franchises; operating branch offices; or truthfully advertising the prices, terms and availability of optometric services or optical goods.

*Appearances*

For the Commission: *Toby G. Singer, Raymond L. Randall and Alan R. Soudakoff.*

For the respondent: *Daniel J. Gamino, Daniel J. Gamino & Associates, P.C., Oklahoma City, Okla.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended (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 the named respondent has violated the provisions of Section 5 of the Federal Trade Commission Act and that a proceeding by it in respect thereof would be in the public interest, hereby issues this complaint, stating its charges as follows:

PARAGRAPH 1. Respondent Oklahoma Optometric Association is a corporation formed pursuant to the laws of the State of Oklahoma, with its mailing address at 4545 N. Lincoln Blvd., Suite 173, Oklahoma City, Oklahoma.

PAR. 2. Respondent is a professional association organized in substantial part to represent the interests of optometrists who practice in Oklahoma and the profession of optometry in Oklahoma. Respondent has approximately 300 members, constituting approximately ninety percent of the practicing optometrists in Oklahoma. A significant portion of respondent's activities furthers its members' pecuniary interests. By virtue of its purposes and activities, respondent is a corporation within the meaning of Section 4 of the Federal Trade Commission Act, as amended (15 U.S.C. 44).

