

Mr. Warner

ROOM NO.	BUILDING
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REMARKS:  
The House Com-  
mittee did not  
include an amend-  
ment but Water  
is going to propose  
an amendment  
on the floor on the  
17th. I will fill

STAT ROOM:		
ROOM NO.		EXTENSION

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Release 2013/12/16 : *pls on this*  
CIA-RDP61-00357R000100090013-8

*and the "Swaps"  
bill at your  
convenience.*

*MFR  
5,355*

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Release 2013/12/16 :  
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86TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT  
1st Session } No. 874

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PROHIBITING THE MISUSE BY COLLECTING AGENCIES  
OR PRIVATE DETECTIVE AGENCIES OF NAMES, EM-  
BLEMS, AND INSIGNIA TO INDICATE FEDERAL AGENCY

AUGUST 11, 1959.—Referred to the House Calendar and ordered to be printed

Mr. WALTER, from the Committee on the Judiciary, submitted the  
following

R E P O R T

[To accompany S. 355]

The Committee on the Judiciary, to whom was referred the bill (S. 355), to amend title 18 of the United States Code so as to prohibit the misuse by collecting agencies or private detective agencies of names, emblems, and insignia to indicate Federal agency, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendment is as follows:

On page 2, line 11, strike out "\$10,000" and insert in lieu thereof "\$1,000".

PURPOSE

The purpose of the proposed legislation, as amended, is to add a new section 712 to title 18 of the United States Code to prohibit the use by collecting agencies or private detective agencies of any emblem, insignia, or name, or the words "national," "Federal," or "United States," or the initials "U.S." for the purpose of conveying and in a manner reasonably calculated to convey the false impression that such business is a department, agency, bureau, or instrumentality of the United States.

The amendment is designed to bring the penalty in line with the provisions of section 709 of title 18 of the United States Code, which provides for a similar violation of the law.

GENERAL INFORMATION

A bill similar to S. 355 passed the Senate in the 84th Congress on July 2, 1956. Since that time, the Committee on the Judiciary of the Senate has further studied the matter pursuant to the introduction of S. 763 of the 85th Congress.

34006

In the 86th Congress, the Committee on the Judiciary of the House has obtained the following reports on this legislation.

APRIL 22, 1959.

HON. EMANUEL CELLER,  
*Chairman, Committee on the Judiciary,  
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Department of Justice concerning the bill (S. 355) to amend title 18 of the United States Code so as to prohibit the misuse by collecting agencies or private detective agencies of names, emblems, and insignia to indicate Federal agency.

The bill would amend title 18 of the United States Code so as to add to it a new section 712. The section would provide that whoever, "being engaged in the business of collecting or aiding in the collection of private debts or obligations, or being engaged in furnishing private police, investigation, or other private detective services, uses as part of the firm name of such business, or employs in any communication, correspondence, notice, advertisement, or circular the words 'national', 'Federal', or 'United States', the initials 'U.S.', or any emblem, insignia, or name, for the purpose of conveying and in a manner reasonably calculated to convey the false impression that such business is a department, agency, bureau, or instrumentality of the United States or in any manner represents the United States, shall be fined not more than \$10,000 or imprisoned not more than one year, or both."

Whether legislation such as this should be enacted constitutes a question of policy concerning which the Department of Justice prefers to make no recommendation. There are certain features of the proposal, however, to which the committee may wish to give further consideration. The proposed legislation is of a type similar to that contained in present section 709, yet the fine provided for in S. 355 is substantially greater than that provided in section 709. Also, section 709 specifically provides that it "shall not make unlawful the use of any name or title which was lawful on the date of enactment of this title." No such provision is contained in the legislation under consideration.

Records of the Department of Justice indicate that complaints have been received concerning firms operating under styles such as "Reverification Office" and "Claims Office." Although such a name, when coupled with a Washington, D.C., mailing address, could easily cause some persons to believe that the organization is an agency of the United States, the committee may be interested to know that in some such instances the Federal Trade Commission issued a cease and desist order which has since become final. In so doing, the Commission took the position that the use of these terms was unfair and deceptive in violation of the Federal Trade Commission Act. The committee may wish to consider whether or not continued utilization of the Federal Trade Commission Act to prevent the deceptive use of forms, emblems, names, insignia, etc., would adequately protect the public.

The Bureau of the Budget has advised that there is no objection to the submission of this report.

Sincerely yours,

LAWRENCE E. WALSH,  
*Deputy Attorney General.*

OFFICE OF THE SECRETARY OF THE TREASURY,  
*Washington, D.C., April 22, 1959.*

HON. EMANUEL CELLER,  
*Chairman, Committee on the Judiciary,  
House of Representatives, Washington, D.C.*

MY DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on S. 355, to amend title 18 of the United States Code so as to prohibit the misuse by collecting agencies or private detective agencies of names, emblems, and insignia to indicate Federal agency.

The Department urges favorable consideration of the proposed legislation insofar as it would relate to collection agencies.

The records of the Department show that private firms engaged in the business of locating the whereabouts of delinquent debtors have been operating under names such as "Treasurer's Office", "Disbursements Office", and "Claims Office", coupled with a Washington, D.C. post office address. The firms mail out forms headed in the foregoing manner to the last known address of the debtor, the forms containing blanks to fill in which call for information such as the current address, current employer, and the bank with which the debtor keeps his funds. The forms usually carry a legend or are drawn up in such a manner as to lead the recipient to believe that he will receive some money if the form is returned completed.

The Department is of the opinion that the above-described forms used by the so-called skip-tracing firms are conceived with the idea of giving the recipient the impression that they emanated from a Government agency and that there are funds due him from the Federal Government. This is particularly true with respect to the use of names such as "Treasurer's Office" and "Disbursements Office", which lead the recipients to believe that the forms were sent by the Office of the Treasurer of the United States or the Division of Disbursement of the Treasury Department. This belief of the Department is borne out by the fact that we have received numerous letters from persons complaining that they had returned the forms, but had not received their money. For example, from December 1956 to December 1958, 2,400 letters of inquiry were received from persons who received these forms. The Department has no alternative but to advise the individuals that the forms were not issued by a Government agency and that no violation of the statutes enforced by this Department is involved.

We have been informed that the Federal Trade Commission under its authority has obtained cease and desist orders in the case of some firms engaging in the foregoing practices. However, the Department believes that the additional and more direct sanctions contained in S. 355 would be desirable.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report to your committee.

Very truly yours,

A. GILMORE FLUES,  
*Acting Secretary of the Treasury.*

FEDERAL TRADE COMMISSION,  
Washington, July 6, 1959.

HON. FRANCIS E. WALTER,  
Chairman, Subcommittee No. 1,  
House Committee on the Judiciary,  
Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of May 25, 1959, for the views of the Federal Trade Commission on S. 355, 86th Congress, 1st session, a bill to amend title 18 of the United States Code so as to prohibit the misuse by collecting agencies or private detective agencies of names, emblems, and insignia to indicate Federal agency, and on certain comments made by the Department of the Treasury and the Department of Justice.

The bill would make it a criminal offense for any person engaged in collecting private debts or in furnishing private detective services to use as part of the firm name or employ "in any communication, correspondence, notice, advertisement, or circular the words 'national', 'Federal', or 'United States', the initials 'U.S.', or any emblem, insignia, or name, for the purpose of conveying and in a manner reasonably calculated to convey the false impression that such business is a department, agency, bureau, or instrumentality of the United States or in any manner represents the United States."

As noted by the Department of the Treasury and the Department of Justice, the proposed legislation deals with practices concerning which the Federal Trade Commission has issued orders to cease and desist.

The Commission has issued numerous orders prohibiting the use of skip-trace materials designed to obtain information concerning alleged delinquent debtors by deception and subterfuge. Many of these orders prohibit the use of business names calculated to lead the recipients of such materials into the belief that they emanated from the Federal Government. Typical names are "Treasurer's Office," "Disbursement Office," "Claims Office," "Reverification Office," and "U.S. Credit Control Bureau." Machine forms designed to simulate forms used by the Government and Washington, D.C., addresses are ordinarily employed.

Other orders strike at various means of deception other than the use of materials creating the impression that the sender is an instrumentality of the United States.

Ordinarily enforcement of such orders can only be had under section 5(1) of the Federal Trade Commission Act in civil suits seeking penalties for violations. It is the Commission's view that S. 355 would be an effective auxiliary means of expeditiously eliminating the objectionable practices in the area where the materials indicate some Federal connection. Its enactment would not defeat the Commission's jurisdiction in the same field.

By direction of the Commission:

EARL W. KINTNER, *Chairman.*

N.B.—Pursuant to regulations, this report was submitted to the Bureau of the Budget on June 23, 1959, and on July 2, 1959, the Commission was advised that there would be no objection to the submission of the report to the committee.

ROBERT M. PARRISH, *Secretary.*

After full consideration of all the facts involved, the committee recommends that S. 355, as amended, be enacted.

CHANGES IN EXISTING LAW

In compliance with paragraph 2 of clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 18—CRIMINAL CODE AND CRIMINAL PROCEDURE

*"712. Misuse of names by collecting agencies or private detective agencies to indicate Federal agency*

*"Whoever, being engaged in the business of collecting or aiding in the collection of private debts or obligations, or being engaged in furnishing private police, investigation, or other private detective services, uses as part of the firm name of such business, or employs in any communication, correspondence, notice, advertisement, or circular the words "national", "Federal", or "United States", the initials "U.S.", or any emblem, insignia, or name, for the purpose of conveying and in a manner reasonably calculated to convey the false impression that such business is a department, agency, bureau, or instrumentality of the United States or in any manner represents the United States, shall be fined not more than \$1,000 and imprisoned not more than one year, or both."*

*SEC. 2. The provisions of this section shall become effective sixty days from the enactment thereof.*

*SEC. 3. The analysis of chapter 33 of title 18 of the United States Code which immediately precedes section 701 of such title is amended by adding at the end thereof the following:*

*"SEC. 712. Misuse of names by collecting agencies or private detective agencies to indicate Federal agency"*.



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