

**UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION**

**COMMISSIONERS:**     **Deborah Platt Majoras, Chairman**  
                              **Orson Swindle**  
                              **Thomas B. Leary**  
                              **Pamela Jones Harbour**  
                              **Jon Leibowitz**

<p style="text-align: center;"><b>In the Matter of</b></p> <p><b>APPLIED CARD SYSTEMS, INC.,</b> <b>Delaware Corporation and</b></p> <p><b>APPLIED CARD SYSTEMS OF</b> <b>PENNSYLVANIA, INC.,</b> <b>Pennsylvania Corporation.</b></p>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p><b>Docket No. C-4125</b></p> <p><b>DECISION AND ORDER</b></p>
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The Federal Trade Commission having initiated an investigation of certain acts and practices of Respondents named in the caption hereof, and the Respondents having been furnished thereafter with a copy of a draft 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 violations of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a); and

Respondents, their attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by 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

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 Applied Card Systems, Inc. is a Delaware corporation with an office and its principal place of business located at 4700 Exchange Court, Boca Raton, Florida 33431.

2. Respondent Applied Card Systems of Pennsylvania, Inc. is a Pennsylvania corporation with an office and place of business located at 50 Applied Card Way, Glenn Mills, Pennsylvania 19342.

3. 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**

**IT IS ORDERED** that for purposes of this order, the following definitions shall apply:

1. “Respondents” mean Applied Card Systems, Inc. and Applied Card Systems of Pennsylvania, Inc., their successors, assigns, officers, directors, employees and agents.

2. “Collection of debts” means any activity the principal purpose of which is to collect or attempt to collect, directly or indirectly, debts owed or due or asserted to be owed or due.

3. “Consumer” means any natural person obligated or allegedly obligated to pay any debt.

4. “Delinquent debt” means any obligation or alleged obligation of a Consumer to pay money that is contractually past due, arising out of a transaction in which the money, property, insurance or services which are the subject of the transaction are primarily for personal, family, or household purposes, whether or not such obligation has been reduced to judgment.

5. “Location information” means a Consumer’s place of abode and his or her telephone number at such place, or his or her place of employment.

6. “Third Party” means any person or entity that is not a Consumer including, but not limited to, any parent of a non-minor Consumer, or any child, relative, neighbor, co-worker or employer of a Consumer.

## **INJUNCTIVE PROVISIONS**

### **I.**

**IT IS THEREFORE ORDERED** that Respondents, directly or through any corporation, subsidiary, division, or other device, in connection with the collection of any delinquent debt, shall not engage in any unfair or deceptive act or practice in violation of Section 5 of the FTC

respect to such debt and have knowledge of, or can readily ascertain from the Consumer or the Consumer's attorney, such attorney's name and address, unless the attorney fails to respond within a reasonable period of time to a communication from the Respondents or unless the attorney consents to direct communication with the Consumer. Provided, however, this provision does not prohibit Respondents from mailing, directly to the Consumer, periodic billing statements, as required by the Truth in Lending Act, 15 U.S.C. § 1637(b) and the Fair Credit Billing Act, 15 U.S.C. § § 1666-1666j. All other communication with the Consumer in violation of this part shall be suspended within a commercially reasonable period of time, not to exceed five (5) business days.

B. Communicating, except as permitted in subpart I.A., without the prior consent of the Consumer given directly to the Respondents, or the express permission of a court of competent jurisdiction, or as reasonably necessary to effectuate a post judgment judicial remedy, with any person other than a Consumer, his attorney, a consumer reporting agency if otherwise permitted by law, the creditor, the attorney of the creditor, or the Respondents' attorney, or any individual or business entity used by Respondents in the normal course of business for the purpose of collecting delinquent debts. For purposes of subparts II.A. and II.B., the term "Consumer" includes the Consumer's spouse, parent (if the Consumer is a minor) guardian, executor, or administrator.

C. Using any false, deceptive, or misleading representation or means including, but not limited to:

1. The false representation of the character, amount, or legal status of any debt;
2. The threat to take any action that cannot legally be taken or that is not intended to be taken; and
3. Any false representation or deceptive means to collect or attempt to collect any debt or to obtain information concerning a Consumer.

D. Collecting or attempting to collect any amount (including any interest, fee, charge, or expense incidental to the principal obligation) unless such amount is expressly authorized by the agreement creating the debt or permitted by law.

E. If any Consumer owes multiple debts and makes any single payment to Respondents with respect to such debts, applying such payment to any debt which is disputed by the Consumer. Where applicable, Respondents shall apply such payment in accordance with the Consumer's directions.

### **III. DISTRIBUTION OF ORDER BY RESPONDENTS**

**IT IS FURTHER ORDERED** that Respondents, their successors and assigns shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees and agents having responsibilities with respect to the subject matter of this order, and shall create and maintain appropriate records to evidence the delivery of this order to each such persons specified herein. Respondents shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities.

### **IV. MONITORING COMPLIANCE OF PERSONNEL**

**IT IS FURTHER ORDERED** that for a period of three (3) years from the date this order becomes final, in connection with any business operated by Respondents which is engaged in the collection of delinquent debts, Respondents shall:

A. Take reasonable steps sufficient to monitor and ensure that all of Respondents' employees and agents engaged in the collection of delinquent debts comply with parts I and II of this order. Such steps shall include, at a minimum, the following:

1. Listening regularly to a selection of communications relating to the collection of delinquent debts made by Respondents' employees and agents to Consumers and Third Parties;
2. Establishing and following a procedure for receiving and responding to complaints received by Respondents relating to the collection of delinquent debts; and
3. Ascertaining, when a collection complaint is received by Respondents, the number and nature of complaints received regarding any employee or agent engaged in the collection of debts who is involved in the complained about transaction or communication;

B. Promptly investigate any collection complaint received by Respondents;

C. Take appropriate corrective action with respect to any officer, manager, employee, or agent of Respondents' who, as determined by either Respondent, is not complying with this order. Corrective action may include training, warning, disciplining, or terminating such officer, manager, employee or agent; and

D. Promptly document the results of each collection complaint investigation conducted by Respondents and any corrective action taken, as set forth in part V.

**V. RECORD KEEPING PROVISIONS**

**IT IS FURTHER ORDERED**

Consumer Protection, Federal Trade Commission, Washington, D.C. 20589.

B. Within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order. This report shall include, but not be limited to:

1. Any changes required to be reported pursuant to subpart A. above; and
2. Copies of the records that were created and maintained pursuant to part III to evidence Respondents' dissemination of this order.

*Provided, further*, for purposes of the compliance reporting required by this part, the Commission is authorized to communicate directly with Respondents.

## **VII. SUNSET PROVISION**

This order will terminate on October 6, 2024, or twenty (20) years from the date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; *provided, however*, that the filing of such a complaint will not affect the duration of:

- A. Any part in this order that terminates in less than twenty (20) years;
- B. This order's application to any Respondent that is not named as a Respondent in such complaint; and
- C. This order if such complaint is filed after the order has terminated pursuant to this part.

*Provided, further,* that if such complaint is dismissed or a federal court rules that the Respondents did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

By the Commission.

Donald S. Clark  
Secretary

SEAL:  
ISSUED: October 6, 2004