



SCREENING ADVERTISEMENTS

A Guide For The Media

Direct Marketing Association The Federal Trade Commission
US Postal Inspection Service



Dear Publishers and Broadcasters:

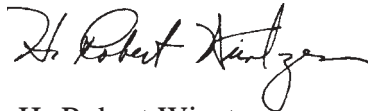
Fraudulent ads cost publishers and broadcasters, legitimate advertisers and direct marketers, and consumers millions of dollars each year. Government agencies and self-regulatory groups can step in once the law has been violated, but only the media can stop false ads before they're disseminated. That's why the Direct Marketing Association, the Federal Trade Commission, and the United States Postal Inspection Service encourage the media to do their part in the fight against fraud by adopting in-house clearance standards to screen out deceptive ads. We also encourage direct mail professionals to use the same common sense standards before renting or exchanging customer lists.

Most businesses, including mail order businesses, are legitimate. Unfortunately, however, some promoters use the legitimacy of mail order businesses and respected publications and broadcast outlets as covers for illegal activity, including criminal mail fraud. Your best defense? Establishing in-house clearance standards to help your sales staff spot fraud before an unscrupulous operator smears your good name.

Most broadcasters and publishers already screen ads for taste and appropriateness. The extra moment that it takes to scan the content is time well-spent because the companies that rip off consumers may rip you off, too. An effective screening program also is a service to the public and legitimate advertisers. When consumers are disappointed because a product doesn't perform as advertised, they may blame the publication or station that ran the ad. The consequences? An angry consumer who may cancel a subscription, turn you off, or tune you out. A crimp in the credibility of your legitimate advertisers. And a smudge on the reputation for accuracy that your company has worked so hard to earn.

Effective ad clearance standards reduce the damaging effects of advertising fraud on American consumers and commerce. We are pleased to offer this booklet with tips for screening out deceptive ads, including some buzz words and phrases that often are used in particular kinds of false or misleading advertisements. We hope you will pass it along to the appropriate people on your staff, and that the tips help protect your company and your customers from fraud.

Sincerely,



H. Robert Wientzen
President & CEO
Direct Marketing Association, Inc.



J. Howard Beales, III
Director, Bureau of Consumer Protection
Federal Trade Commission

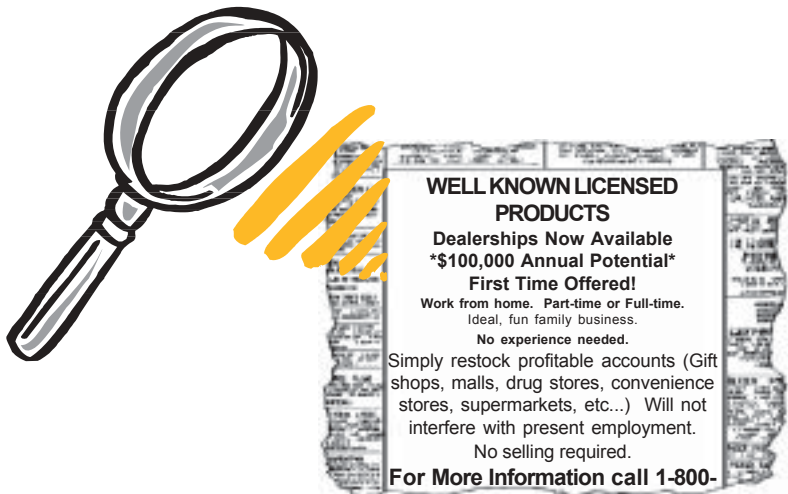


Kenneth Weaver
Chief Postal Inspector
United States Postal Inspection Service

INTRODUCTION

Fraudulent claims can show up in ads for a wide variety of products and services. Most use similar terms and techniques to entice a reader, listener, or viewer to respond favorably to an ad. This publication includes general tips on how to screen ads effectively and particular tip-offs — “buzz words” or techniques — to help you identify some of the most common types of deceptions that are found in ads for *get-rich-quick schemes, weight loss fraud, health fraud, credit repair and loan scams, travel fraud* and *product misrepresentations*. By learning to spot the tell-tale signs of fraudulent advertising, you can protect your customers, your bottom line, your reputation, and the good name of your legitimate advertisers.

One evaluation standard applies to **all** ads: Does the offer, promotion, payoff, or benefit sound too good to be true? If you use this standard, and if you exercise caution when you spot some of the buzz words and techniques revealed in this booklet, there’s a good chance that you’ll be able to spot a questionable ad or promotion with just a quick look, and an even better chance that you’ll be able to stop it before it gets into print, on the air, or in the mail to your customers.



All Purpose Advertising Screening Tips

- 1** If an advertiser **refuses to answer your questions** or to make changes in the ad, it may be a tip-off to a deception. You have the right to reject an ad for any reason.
- 2** **Trust your gut: experience sharpens intuition.** If you have a feeling that you should check out an ad, do it. Don't let it slip by.
- 3** **Don't let your guard down** around deadline time. Fraudulent advertisers know when you're at your busiest and may try to slip one past you at the last minute.
- 4** Ask to see **a sample of the merchandise** if the ad is even slightly suspicious. Legitimate advertisers usually welcome the opportunity to show you their products. Get a production sample, not a handmade mockup. If the advertiser cannot submit the sample before the closing date, pass up the ad until the next closing date.
- 5** **If an ad is unclear to you, it will be unclear to your readers, listeners or viewers.** If you don't know the nature of the product or service offered, ask the advertiser for clarification. Your request for information may deter some unscrupulous advertisers and may help legitimate businesses clarify any unintended vagaries before an ad is disseminated to their customers (and yours).
- 6** **Is the copy outlandish?** Are the claims too good to be true? Perhaps the advertiser's creative team needs a refresher on the "rules of the road."
- 7** **Verify the integrity, stability, and performance** of new advertisers, especially when they make an unusually large media buy. Scam artists are in it for the short term. Once

they've made a quick buck, they often skip town, leaving dissatisfied customers and unpaid bills in their wake. So check out the credit. Check out the source.

8 **Check out the fine print.** Dense blocks of tiny text and fleeting TV supers aren't just annoying — they may be illegal. The law requires disclosures and disclaimers to be “clear and conspicuous.” That means big enough for consumers to read and understand.

9 **Watch out for the asterisks and footnotes.** A disclosure at the bottom of a page won't cure an otherwise deceptive ad.

10 Ads with **glowing consumer testimonials**, whether they deal with dramatic weight loss, disease cures, or extravagant financial success, can sometimes be a tip-off to deception. This can be true for before-and-after photos, too. Under truth-in-advertising laws, advertisers must have proof that consumers who use the product at home will get the same results as the endorsers featured in the ad or they must clearly disclose the results consumers will get. When you see a testimonial, ask the advertiser for proof that consumers generally will achieve the level of success described or depicted. A fine-print disclosure that “Your results may vary” isn't enough.

11 Get the **street address and telephone number** of every advertiser. In many cities — New York, for example — a post office box number must be accompanied by a street address. If the company is small, get the home address and telephone number of the principal.

12 **Check out street addresses.** Knowing that a post office box may arouse suspicion, some unscrupulous advertisers may use the street address of a private mail receiving company as their own. Keep a list of the street addresses of the private post offices in your area. Ask any advertiser who offers an address that is a private post office location

to provide the company's actual street address and phone number.

13 Be careful of **advertisements without an address** that require consumers to use a toll-free number and credit card to order merchandise. This method of payment may be an attempt to avoid using the mail as a way around the jurisdiction of the Postal Service.

14 Watch out for ads that use **international telephone numbers**. Some international numbers look like domestic numbers. For example, dialing “809” and a seven digit number reaches the Dominican Republic. Because each country sets its own telephone rates and may have substantially higher rates than in the U.S., consumers may unknowingly end up with hefty phone bills. Keep a list of U.S. area codes handy or look up unfamiliar codes in the phone book to check whether a number is domestic or international. Make sure that all ads for international calls clearly state that *international long distance rates apply*, even though the calls look like domestic numbers. Don't accept cryptic and possibly misleading disclosures like “LD rates apply” or “toll line.”

15 Be leery of **ads that suggest or imply product endorsement, approval or testing by a government agency** or other nationally known firm or organization. This technique often is used to lend credibility to fraudulent operations. Most government agencies do not approve or endorse specific products. And in some cases, it's a crime to suggest a government affiliation or misuse an official symbol. Question ads that:

- ✗ use graphics that copy the look of an official government notice or announcement. Sometimes these ads depict the Statue of Liberty, eagles, official-looking seals, or other government symbols;
- ✗ use an official-sounding name (like *Commission*, *Society*, or *Institute*) or a name that sounds or looks like a well-known national firm or organization.

- 16** Be wary of an advertiser who pays you with a **bounced check**. Even if they come up with the cash later, it may signal a disregard for ethical business practices. At the same time, just because the check clears doesn't mean the company is legit. Your reputable advertisers, as well as your subscribers or viewers, are counting on you to say no to the scam artists — even the ones smart enough to pay their media costs upfront.
- 17** The Better Business Bureau where the company is based might be able to alert you to consumer complaints. Steer clear of companies that have already racked up a list of dissatisfied customers.
- 18** Some credit groups and other organizations issue up-to-the-minute alerts about scam artists and advertisers that aren't creditworthy. Media that subscribe to these services also can call to check on complaints about a particular company.

Get-Rich-Quick Schemes

Deceptive investment, business opportunity or employment ads capitalize on consumers' financial needs, naivete, and optimism — and their widespread fantasies of hitting the jackpot. The level of risk usually is proportional to the size of the return. Any representation of high earnings with little or no risk, skills, or training is likely to be false and misleading. In short, in the world of investments, there's no such thing as a sure thing.

The Buzz Words

Anybody Can Do it

Quick and Easy, No Selling

Big, Fast Profits

No Experience Needed

Work in the Comfort of Your Home

Work in Your Spare Time

Make Big Money Working as Your Own Boss

You Purchase at Wholesale, Then Resell at a Huge Profit

Absolutely Guaranteed, No Risk

Get in on the Ground Floor of this New Technology

Nothing Illegal

Learn the Secret the 'Big Boys' Don't Want You to Know



Types of Scams

Many business opportunities and investments — including some listed below — can be legitimate. But scam artists have been known to operate in these areas:

- ✗ Work-at-home promotions
- ✗ Medical billing services
- ✗ Display rack or vending machine businesses
- ✗ Invention promotion
- ✗ Art, coins, stamps, or other “collectibles”
- ✗ Prize promotions
- ✗ Services offering scholarships, grants, or student loans
- ✗ Gold, silver, platinum, and “strategic metals”
- ✗ Recovery room operations — firms that claim they will recover investments or money lost in earlier scams



- ✗ “Government products” — auctions featuring cars or real estate at “bargain” prices and services that claim to have the “inside scoop” on government jobs, government contracts, or small business loans.

Techniques to Watch Out For:

- ✗ Ads that tout seminars promising “no money down” real estate investments, the “secrets” of day trading, or other “systems” for quick and easy financial success.
- ✗ Graphic depictions of fists full of dollars, mansions, yachts, or other trappings of “the good life.” The bolder the picture or claim, the less legitimate the ad is likely to be. Just how *did* some of these advertisers make their fortunes? You guessed it: Selling phony get-rich-quick schemes to unsuspecting consumers.
- ✗ Employment ads that offer the “inside track” on government jobs, promise salaries of “up to” thousands of dollars per month, or guarantee high-paying careers in “glamour” industries like cruise lines, modeling, or international business.
- ✗ Consumer testimonials detailing fabulous success stories. This kind of advertising implies that the experience is typical for consumers using the product or service. When you see a testimonial, ask to see the advertiser’s proof that consumers in general will achieve the level of success described or depicted in the ad. For every success story, how many others lost their life savings?
- ✗ Ads that focus on doomsday warnings about the predicted “collapse” of the economy and promise financial security in gold, silver, or “strategic metals.”
- ✗ Ads for coins, stamps, art or collectibles that promise overnight profits and offer unlimited buy-backs and unconditional guarantees.
- ✗ Ads that promise big money from “no risk” investments in the Internet or other “high tech” opportunities.
- ✗ Ads that promote distributorships or “exclusive territories” for name-brand merchandise.
- ✗ Ads that promise financial freedom for restocking display racks in shopping malls or convenience stores.



Weight Loss Fraud

Despite claims to the contrary, there are no magic bullets or effortless ways to burn off fat. The only way to lose weight is to lower caloric intake and increase physical activity. **Claims for diet products or programs that promise weight loss without sacrifice or effort are bogus. And some can even be dangerous.**

These facts do not keep fraudulent advertisers from preying on consumers and reaping billions of dollars each year. While the scams may vary (for example, pills, patches, clips, body wraps, insoles or “diet teas”), the claims are almost always the same — dramatic, effortless weight loss without diet or exercise.



The Buzz Words

No Diet! No Exercise!

Lose 30 Pounds in 30 Days

Eat Your Favorite Foods and Still Lose Weight

Shrinks Inches Off Your Stomach, Waist and Hips

Scientists Announce Incredible Discovery!

Revolutionary European Method! Ancient Chinese Secret!

Turn on Your Body's Fat Burning Process

Automatically Convert Fat to Lean Trim Muscle!

Absorbs Fat

Developed After Years of Secret Research

New Scientific/Medical Breakthrough



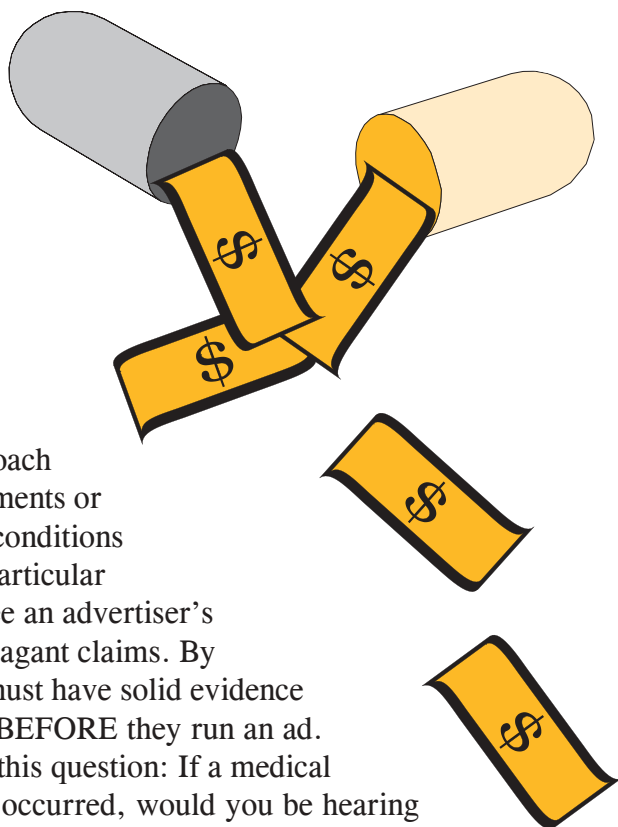
Techniques to watch out for:

- ✗ Extravagant claims of dramatic, rapid weight loss.
- ✗ Testimonials from “famous” doctors, researchers or other medical experts.
- ✗ Dramatic before-and-after photos depicting substantial weight loss.
- ✗ Ads that tout the latest trendy ingredient in the headlines.
- ✗ A footnote hidden somewhere in an ad noting “diet and exercise required.” Remember: You can’t cure an otherwise misleading ad with a buried “disclosure” or a fleeting video super.



Health Fraud

No product on the market can guarantee sexual prowess, erase wrinkles, or cure cancer, Alzheimer's disease, arthritis, or AIDS and HIV infection. And yet vulnerable consumers fall prey everyday to unscrupulous marketers who exploit their fears and boost their hopes, all in the name of a fast buck. In addition to wasting their money, these consumers may be wasting valuable time before they seek proper treatment. Even worse, some products may cause serious harm and endanger lives.



That's why it's important to approach ads that tout treatments or cures for serious conditions or diseases with particular caution. Ask to see an advertiser's support for extravagant claims. By law, advertisers must have solid evidence for health claims **BEFORE** they run an ad. And ask yourself this question: If a medical breakthrough has occurred, would you be hearing about it for the first time from someone placing an advertisement?

The Buzz Words

*New Scientific Or Medical Breakthrough
Tested All Over The World
Clinically Tested In Europe
Has Doctors/Researchers Astounded
Developed After Years Of Secret Research
Proven To Provide Immediate Results
Secret Cure The “Medical Establishment” Wants To Suppress*



Techniques to Watch Out For:

- ✗ Ads for products that promise to treat baldness, relieve stress, cure impotence, improve eyesight, slow the aging process, or offer other easy answers to difficult problems.
- ✗ Testimonials from “famous” medical experts.
- ✗ Case histories from “cured” consumers claiming amazing results. Such testimonials also imply that their experience is typical for consumers using the product or service. When you see a testimonial, ask for proof of its “typical” nature.
- ✗ Dramatic before-and-after photos.
- ✗ A laundry list of diseases or conditions the product cures or treats.
- ✗ Ads that tout the latest trendy ingredient in the headlines.
- ✗ Ads that make extravagant claims for doctors or minimize the risk of medical procedures.
- ✗ Ads that offer “natural” treatments for serious conditions like arthritis, diabetes, cancer, heart disease, or HIV. Remember — “natural” doesn’t necessarily mean “safe and effective.”
- ✗ Promotions for pills that promise to “cure” kids of hyperactivity, AD/HD, or learning disabilities.

Credit Repair and Loan Scams

No one can legally remove accurate, current and verifiable negative information from a credit report. In fact, the law does not allow credit repair marketers to accept payment before they deliver their services. Yet, everyday, companies throughout the country use advertisements to entice consumers with poor credit histories to buy their “repair” services.

The Buzz Words

Credit Problems? No Problem

We Can Erase Your Bad Credit — 100% Guaranteed

Create A New Credit Identity — Legally

We Can Remove Bankruptcies, Judgments, and

Liens From Your Credit File Forever

No Credit? No Income? No Problem!

\$100 To \$10,000 With Just Your Signature

Loans Guaranteed Regardless Of Poor Credit Or Low Income



Some advertisers claim that by continually challenging essentially accurate information, they can badger credit agencies to remove unfavorable information from a consumer’s credit report. They cannot. Other companies claim that they can create for consumers a whole new credit file that doesn’t contain their credit history. Typically, they promise to beat the system by getting consumers an Employer Identification Number from the IRS. This dodge doesn’t work — and it’s illegal.

Fraudulent advertisers also may prey on consumers or small businesses with credit problems through “advance fee” loan

scams. These ads typically offer “guaranteed” loans regardless of income or credit history. The catch? They charge a hefty up-front fee to “process” the loan, but never come forward with the cash. Legitimate lenders don’t require up-front payments before extending credit and they don’t *promise* loans in their ads. So watch out for ads that offer fast money without regard to credit or collateral.

Travel/Vacation Fraud

Fraudulent travel ads usually offer exciting opportunities at unrealistically low prices (*Hawaii for \$29.95!*). But ads for these “free” or bargain-priced vacations often fail to disclose expensive “catches” or restrictions that may render the deals worthless.



Techniques to watch out for:

- ✗ A vacation offer accompanied by a certificate for free or very low cost travel.
- ✗ Vacations offered as part of a too-good-to-be-true prize promotion. That “luxury speedboat” may turn out to be an inflatable raft.
- ✗ Travel packages that advertise “free” hotel accommodations with the purchase of airline tickets. A careful look at the fine print may reveal that the offer is good only with the purchase of expensive “full fare” tickets.

- ✗ Vague descriptions of services and accommodations.
- ✗ Memberships in “travel clubs” touting suspiciously low rates for airfare and hotels.
- ✗ In ads for timeshares or other vacation property, unrealistic claims about investment potential or resale value. And watch out, too, for ads that include “artists’s renderings” of “planned facilities.”

Product Misrepresentations

Product misrepresentations in ads can be difficult to detect. When in doubt, ask to see a product sample and evidence for the claim.

When you look at the sample, make sure it looks like the depiction in the ad and performs as stated or shown. When you ask for evidence for the claim, know that the law is on your side. Broadcasters and publishers have the right to insist on modifications before agreeing to run an ad or to turn down an ad altogether. Furthermore, the law requires companies to have adequate support for the claims made in the ad before the ad is run, so legitimate advertisers won't be surprised by your request to see some back-up information.

A list of agencies that may be able to help you evaluate the validity of advertising claims is on pages 19-20. Even though these agencies may not be able to tell you whether a particular company or product is under investigation, they may be able to share information about previous cases or similar products or claims. Bear in mind that many scam artists try to outrun the law by changing their corporate name or the brand name of a bogus product. Just remember that snake oil is still snake oil — even when it's poured into new bottles.

You may want to check out the websites of the agencies and consumer organizations listed at the back of this brochure. It's an easy way to keep yourself up-to-date on the latest scams.

Be wary when you see ads that:

- ✗ Advertise merchandise way below market value for a limited time only. This technique often is used to advertise electronics, computers, or other high-ticket merchandise that can be ordered only by phone.
- ✗ Feature merchandise with names that sound or look like nationally recognized brands.

- ✗ Offer vague descriptions of products.
- ✗ Tout name-brand merchandise at ridiculously low prices or through unusual avenues. For example, does it really make sense that a national retailer would promote its products at cut-rates in a three-line classified ad?

Complaints

How to Appraise & Handle Them

Consumers often see the publication or station that carries an ad as the messenger of the advertiser, especially if they are dissatisfied with the product or service. Angry or disappointed, they may cancel their subscription or tune to a different station. The potential loss of goodwill may be reason enough to establish a procedure for handling complaints.

If the complaint is nondelivery of merchandise caused by an honest miscalculation of the success of an offer, a strike, or a production mishap, a straightforward explanation from the advertiser usually is sufficient. Unfortunately, not all delivery problems stem from honest mistakes. Sometimes non-delivery issues indicate that the advertiser is in financial trouble or has decided to “take the money and run.”



If merchandise has been misrepresented, check your own screening procedures. Be aware that for every complaint you receive, more consumers have had similar unhappy experiences. When the number of complaints is out of proportion to the size of the ad or the size of the audience, contact the advertiser, advise your credit department, and inform your local Better Business Bureau or consumer protection agency.

In addition, contact your state consumer protection agency, your state attorney general, the Federal Trade Commission, or the Postal Inspection Service. Complaints from the public and media alert these agencies to a pattern of deception that may warrant further investigation. Their phone numbers are listed at the end of this brochure.

Resources

No publication or station wants to be an unwitting conduit for deceptive claims. Likewise, list professionals do not wish to unknowingly assist in promoting misleading direct marketing promotions. The best defensive weapon in your arsenal is your gut instinct that a particular ad promises more than it could possibly deliver. Your company's own credit department, business office, or consumer reporter also can be excellent sources. And www.consumer.gov puts a wealth of information at your fingertips.

To check out the history, business practices, or general reputation of a firm submitting questionable advertising, contact:

- The Better Business Bureau (in the advertiser's area)
- State or local consumer agencies
- Your state attorney general's office
- Postal Inspector (in the advertiser's area)
- Trade Associations

Other organizations that may be able to help you evaluate the validity of an advertising claim include:

Direct Marketing Association, Inc.

1111 19th Street, NW, Suite 1100
Washington, DC 20036-3603
www.the-dma.org

Federal Trade Commission

600 Pennsylvania Avenue, NW
Washington, DC 20580
www.ftc.gov

United States Postal Inspection Service

P.O. Box 96096
Washington, DC 20066-6096
www.usps.gov

North American Securities Administrators Association
10 G Street, NE, Suite 710
Washington, DC 20002
www.nasaa.org

Food and Drug Administration
5600 Fishers Lane, Room 1685
Rockville, MD 20857
www.fda.gov

Council of Better Business Bureaus
4200 Wilson Boulevard
Arlington, VA 22203
www.bbb.org

Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581
www.cftc.gov

Securities and Exchange Commission
450 Fifth Street, NW
Mail Stop 11-2
Washington, DC 20549
www.sec.gov





FEDERAL TRADE COMMISSION

TOLL-FREE 1-877-FTC-HELP

WWW.FTC.GOV

FOR THE CONSUMER