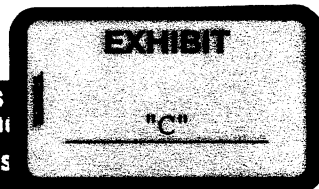




An insider's makes the n From the des



Good Morning America World News Tonight 20/20 Primetime Nightline WNN This

November 28, 2001



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Gerry Zurn Sr. said he wanted to buy only flags, but he mistakenly agreed to be a member of a buying club when ordering flags over the phone. (ABCNEWS.com)

Flags, Plus a Whole Lot More

Why Some Flag Buyers Are Seeing Red

abc NEWS.com

NEW YORK, Nov. 28 — Since Sept. 11, Americans have been snapping up flags and other items to show their patriotic stripes. But some entrepreneurs are cashing in on the demand, giving customers a pitch for products that have nothing to do with flags.

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Since Sept. 11, the American flag has been flying at baseball fields and office buildings, and fluttering over construction sites and above the wreckage of the World Trade Center.

With patriotism running high, some entrepreneurs have seized the opportunity to turn the demand for red, white and blue into just one color: green.

A case in point: Tens of thousands of Americans who saw a television commercial for flags from the American Freedom Collection called to place their orders.

"You get everything," the commercial announcer says. "The Old Glory flag, the God Bless America flag, the peel 'n' place flags, and flag pin, the entire American Freedom Collection for just \$14.99. Call now."

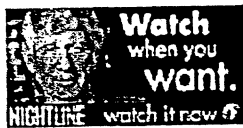
When *Good Morning America's* consumer correspondent Greg Hunter and his producers placed an order, they found that the company running the commercial was allowing other companies to make additional sales pitches to customers calling for flags. It is a common telemarketing practice called "upselling," a way for the original company to make more money by sending potential business to another company.

After one of Hunter's producers placed his order and bought the flags over the phone, the call continued and he heard a telemarketer who identified herself as Brenda say "To thank you for your order, we're sending you a \$25 gas rebate, free for viewing our money-saving program called Budget Savers."

After another call, Hunter's producer ordered a flag, and heard a different message, this time from a telemarketer named Jack.

"As a special thanks, we're sending you a risk-free 30-day membership to Essentials," he said.

Although it sounds like they were thanking the customers for their flag purchase, the telemarketers were actually trying to sell something else: membership in buying clubs.



telemarketers were actually trying to sell something else. membership in buying clubs, including one called Budget Savers, and another called Essentials.

"This is free?" one *Good Morning America* producer asked after he heard the pitch.

"Well, this is something you can try free for 30 days," Jack, the telemarketer, said. "After 30 days, it would be extended to a full year for just \$8 per month or \$96 annually. Billed in advance as Essentials to the credit card you're using today."

Your Packet's in the Mail

The telemarketer also says that the trial can be cancelled in the next 30 days by calling a toll-free 800 number. If it is cancelled, the person who places the order won't get billed.

"So look for your packet in the mail. OK?," the telemarketer added.

To close the deal, and to allow the company to charge his credit card \$96 up front, the producer only had to answer "OK" once at the end of the sales pitch.

The Minnesota Attorney General Prentiss Cox, who has investigated the way some membership clubs have been marketed, took a look at a written transcript of the *Good Morning America* calls. He said he has seen similar pitches from telemarketers before.

"They just say at the end of the script so we're going to send you the package in the mail ok and they never say Is it OK to charge your credit card?" Cox said. But that is what happens. "They tell you that the deal is about you getting something for nothing," Cox said. "You're going to get a free gift, you're going to get a risk-free membership and that's not what the real deal is. The real deal is you're going to get charged unless you act to cancel that."

Clubs Do Not Take Blame

Cox says that unless consumers listen carefully, they may not understand what they are saying OK to. That may be what happened to Gerry Zurn Sr. in New Jersey. The veteran says if he did say OK to a membership after ordering flags, he didn't realize what he was agreeing to.

And when his membership kit came in the mail, he immediately called and canceled and his credit card was not charged. Still, Zurn said he is angry.

"Nobody has the right to use my credit card for nothing," he said. They can't use my name and address for nothing unless I give the OK." ■

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