

# Don't Be A Victim!

*To avoid being swindled, follow these precautions:*

**Don't give out** your credit card number or bank account number over the phone unless you know the organization is reputable.

**Insist** on getting written information about the organization. At the same time, don't assume an organization is legitimate solely on the basis of impressive-looking brochures or enthusiastic testimonials.

**Find out** if any complaints have been registered against the company with your local Better Business Bureau, or if legal action has been taken against them by your State Attorney General. But remember that scam artists frequently change names and locations. Just because there are no complaints or cases on file does not mean a business is trustworthy.

**In the case of charitable organizations**, you have the right to know if a caller is a volunteer or a professional telemarketer/fundraiser. Don't commit yourself over the phone. Ask for written information about how much of your donation will actually go to the charity and how much will be spent on administrative and fundraising costs.

**Take time** to make a decision before investing. Consult someone whose financial advice you trust—a banker, lawyer, accountant, or friend. Have them review any contract or prospectus before you commit yourself.

**If a caller** is uncooperative in answering your questions, simply hang up the phone. Remember, you have a right to know specifics. They have no right to your money.

**“If it sounds too good to be true, it probably is!”**

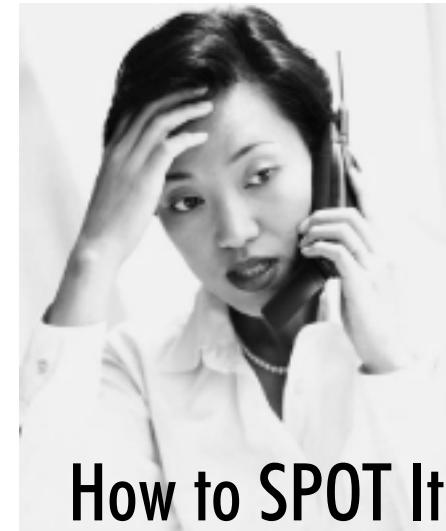
**Contact:**

Office of Attorney General  
Bureau of Consumer Protection  
14th Floor, Strawberry Square  
Harrisburg, PA 17120

**Toll-Free Consumer Hotline  
1-800-441-2555**

*[www.attorneygeneral.gov](http://www.attorneygeneral.gov)*

FRAUD  
TELEMARKETING



**How to SPOT It  
How to AVOID It**

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Attorney General

*Presented as a public service by:*  
**Pennsylvania Office of Attorney General  
National Association of Attorneys General  
Federal Trade Commission**

## A Billion Dollar Problem

Fraudulent telemarketers will swindle American consumers out of 41 billion dollars or more this year. These professional con artists peddle everything from overpriced and useless water “purifiers” to “gold mines” that are nothing more than piles of dirt.

Of course, selling products or services by phone is not in itself a crime. Most telemarketers represent honest, reputable businesses. But because so many consumers enjoy the ease and convenience of shopping by phone, it is an attractive tool for unscrupulous salesmen.

Anyone who has a telephone is vulnerable to the high-pressure sales tactics and enticing offers of the dishonest telemarketer. Stockbrokers have been lured into phony investment schemes. Real estate professionals have bought into worthless land deals.

The Federal Trade Commission, state Attorneys General, and others are working hard to put fraudulent telemarketers out of business. Over the last several years, the FTC has closed down telemarketing scams with sales of more than \$780 million. And in the past several years, the Attorneys General have taken action against an estimated 150 operations.

Unfortunately, though, fraudulent telemarketers are hard to track down. Most are “fly by night” operations out of so-called “boiler rooms”-leased space with banks of telephones staffed by professional scam artists. Once under investigation, they can easily shut down and move virtually overnight to another town or state. They may even change their name - anything to cover their tracks.

Because enforcement is so difficult, it is essential that today’s consumer be an informed telephone shopper. The following tips suggest how you can detect telemarketing fraud and avoid becoming a victim.

## Investments

“Get rich quick” schemes involving rare coins, gemstones, real estate, securities, oil and gas leases and precious metals are commonly pushed on the unsuspecting consumer. Most are worthless. Frequent targets are those who have been victimized before, since they are often eager to recoup losses from previous deals.

### Water Purifiers

Capitalizing on growing environmental awareness, some businesses are selling so-called water purification or filtration systems. Callers use scare tactics to convince you that your tap water is filled with impurities or cancer-causing substances. You may end up paying \$300 to \$500 for a device that is worth less than \$50.

### Vitamins

Some health conscious consumers fall prey to telemarketers selling vitamins. As with many other scams, the sales pitch may include a prize offer to get you to pay as much as \$600 for a six month supply of vitamins that are worth as little as \$40.

### Charities

Some unscrupulous telemarketers will say they’re calling on behalf of a charity. They may ask you to buy tickets for a benefit show, make a donation toward sending handicapped children to the circus, or to purchase light bulbs or other household items at inflated prices, to cite a few recent examples. If you are not careful, your generosity may be exploited and little or none of your contribution will actually go to the charity.

## Travel

So-called “free” or “low cost” vacations often come with extra charges, hidden restrictions, and hard-to-meet conditions. You might be required to join a travel club. A vacation-for-two may only include airfare for one. You could be charged extra for “peak season” reservations. As a result, your vacation ends up costing two to three times what you would have paid had you made your own arrangements.

### Tips on Spotting Fraud

As the examples in this pamphlet illustrate, there are many kinds of telemarketing scams, and new ones are invented everyday. But certain elements are common to most of these scams.

### Beware of:

**“Free” gifts that require you to pay “shipping and handling” charges, “redemption” fees, or “gift taxes” before delivery.**

**“High-profit, no risk” investments. No high-profit investment is free of any risk.**

**High-pressure sales tactics and demands for you to “act now.”**

**A request for your credit card number or bank account number for “identification” purposes or to “verify” that you have won a prize.**

**Refusal to provide written materials or even the most basic details about the organization, such as its exact location or names of its officers.**

**Organizations that are unfamiliar to you or that have only a P.O. Box for an address. (Some organizations use a P.O. Box so you will not know their location.)**