South Carolina
Consumer Affairs Report

SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS, P. O. BOX 5757, COLUMBIA, S. C. 29250 1-800-922-1594

Volume 5, Number 4 July/August 1980

GENERAL BUYING TIPS

Get at least three prices or estimates before you commit yourself to buying an expensive product or service. Never give in to high-pressure sales tactics and never commit yourself to a major purchase until you have considered it carefully in the privacy of your home. Be careful when signing a contract, agreement, or anything requiring a promise of payment. Don't sign any contract with blank spaces. Keep a signed copy of the contract. If you have any questions, see a lawyer.

HOW TO DEAL WITH A CON MAN

What's the best way to handle someone who comes up to you on the street or approaches you in some other way and whom you suspect may be working a con game on you? The experts say: Don't be afraid to walk to the nearest police officer or to say, "let's find a policeman," or just to say "no," - and walk away. Most con men don't want violence. They profit too much without using it. If you find you have been swindled, contact the police. Don't be embarrassed about it. It has happened to many intelligent people. And you might help take a con man out of circulation. If a con man who has cheated you is caught, be sure to testify.

A GLOSSARY OF FRAUDS

Bait and Switch frauds usually begin with a newspaper ad which describes a product at an exceptionally low price. You rush out to buy it, only to be told by the salesperson that the advertised product is sold out. Or you might be told, "You really don't want that cheap merchandise." The salesperson will then show you a similar product that costs more. If you buy it, you may have fallen for one of the oldest con games around. You were baited by the ad and switched by the salesperson to a higher priced item. Several business practices are usually indications of bait advertising. The refusal to sell or demonstrate advertised products; criticism by the salesperson of the advertised products; failure to have an adequate supply of the product, unless the ad discloses that supplies are limited; and refusal to take orders for the advertised merchandise. Bait and switch is illegal. It is an unfair and deceptive trade practice. However, there must be sufficient evidence against a business before legal action can be taken. If a salesperson is trying to bait and switch on you, complain to the manager and take your business elsewhere.

Bank Examiner frauds begin when you get a phone call from a man who says he is a police officer or a bank examiner. He explains that some illegal withdrawals have been made on a number of accounts at the bank, including your account. They need your help in catching this dishonest employee. He asks you to go to the bank and withdraw, in cash, the money in your account, leaving a few dollars in it to keep the account open. He tells you to ignore any protests or questions by the bank teller. He says you will be met back at your home by a bank examiner or police officer who'll take your cash and hold it and redeposit it in your account in a few days. You agree to do it all in order to help catch the thief. But when you check your account at the specified time, you discover that there are no irregularities at the bank, the bank examiner or police officer wasn't genuine and your money is gone.

Billing frauds are common and business firms are flooded each year with invoices for advertising, services, materials or equipment which have neither been ordered or received. Although the invoices may look legitimate the source is often a con man who maintains a mail drop and answering service to help fool his victims. Double check unfamiliar invoices before paying.

Coupon Book frauds usually appear to be a bargain since the value of the merchandise which you are offered for free or at huge discounts is usually of considerably higher value than the price of the coupon book. The danger is that some promoters of coupon books sell many more than the participating merchants have been led to believe. Consequently, the merchants may not be able to fulfill the offer and may refuse to honor the coupons. Also, coupons often have restrictions as to times and locations not convenient to the consumer, a fact usually left out of the promoter's pitch. By the time these facts are discovered the fraudulent promoter has usually left town to do it all over again with a new group of victims.

Death Vultures are possibly one of the lowest forms of all the con games. They visit close members of a bereaved family and attempt to collect sums of money for items which they maintain were purchased by the deceased before his death. Sometimes they render bills when nothing is owed, or claim partial payment has been made by the deceased and attempt to collect the alleged balance.

Deceptive Advertising frauds usually begin when you read or hear the following kind of advertisement. "Men's three-piece suits, manufacturer's suggested list price $100.00, our sale price....$79.95. Special one-day sale....stereo components, nationally advertised price $350.00. Priced for closeout at only $270.00." These hypothetical ads represent one of the most widespread deceptive advertising practices around. They are ads promising non-existent savings based on fictitious comparative prices. The advertised saving of the men's suits was based on the "suggested list price." Very few retailers sell the merchandise at the list price. Thus, the advertised saving is non-existent. The key phrase in the stereo ad is "nationally advertised price." If you check other stores you may find all of them offering the identical stereo components at the same price. The advertised saving is simply not there. Some basic guidelines in checking advertising claims are: check to see if the advertiser sold a significant quantity of the identical merchandise at a higher price recently. Be suspicious of any company that is always having a sale on the identical items. You'll almost surely not save on these. Be wary of the terms "suggested list price" and "valued at." Use the same common sense in looking at ads that you would use in shopping in a store.

Earn-at-home schemes promise huge profits for making products such as costume jewelry, artificial flowers, pillows or toys. The company promises to buy the finished product if the work is up to its standards. Quite often the company rejects the finished product as not up to its standards. Or the company is simply not to be found when the times comes for the purchase of the finished product. Anyone tempted to respond to earn-at-home advertisements should analyze the ads and keep in mind that the promoters of these schemes will usually require money for instructions or merchandise before explaining how the plan operates, promise huge profits and big part-time earnings, assure guaranteed markets and a huge demand for your handiwork. Remember, there is no easy way to earn money at home. Most of these schemes are frauds.

Energy Saving Gadgets usually have imaginative names and promise extraordinary results. All such gadgets which come on the market are extensively tested by reputable consumer agencies and all have been proved to be worthless. The best way to conserve energy is to employ recommended measures such as lower temperatures in winter, higher temperatures in summer, using less hot water, etc.

Envelope stuffing frauds usually begin with an ad in the Business Opportunities section of a newspaper or magazine. The headline usually jumps out at you. "We'll pay you 25 cents for each envelope you stuff and return to us" or for the reader to "Earn $250 for stuffing 1,000 envelopes." Such advertisements are deceptive and misleading and should be ignored by consumers. When you respond to their earn money stuffing envelopes pitch you envision that the company making the offer will send you brochures which you will fold, stuff into envelopes,

seal and return to the company for which you will receive payment of 25 cents each. But that's not the way the scheme works. In order to receive any information you will have to send them some sort of initial non-returnable payment, usually between $10 and $25. By return mail you receive an offer and agreement form which you are asked to read and sign. Step one which they suggest is that you place an ad in your local newspaper which reads: Address-Mail commission circulars at home and be flooded with offers. For offer and details rush stamped self-addressed envelope and 25 cents service fee to; and then you are asked to insert your name. You are expected to pay for the classified ad. When work-hungry consumers in your area read your ad and respond, you are allowed to keep the quarter which they send and when you "stuff" the self-addressed envelope your victims sent to you into a larger envelope and return it to the company they will pay you 25 cents for each one you send. You pay the postage for anything you send to them. So in order to make any money yourself you must pay for classified ads and bilk more consumers out of a quarter, a stamp and the time they spent responding to your advertisement. What happens to the envelopes you send to the schemer who victimized you out of your $20? By return mail the victims you enticed will receive in the stamped self-addressed envelope which they sent to you and which you forwarded - a deceptive brochure asking them to send $20 so they can receive the further information they need to earn money "stuffing envelopes."

Fortune Teller schemes usually begin when you have your palm read or your fortune told by a reading of tea leaves. The fortune teller may discover that you have a curse or evil spirit which can be cured through a series of visits. You are expected to make a contribution to the fortune teller each time you visit. By the time you begin to wise up the fortune teller is usually gone and so may be thousands of dollars of your money.

Pest Control fraud is prevalent in the South where you have more problems with insects. This con-game usually takes the form of a termite inspector who appears and informs you that termites have infested your home but if you contract for his services today, you will receive a discount. Always avoid such pressures. And avoid the door-to-door contact. It's extremely doubtful that your house will start tumbling down around your ears that very day. Besides not applying pesticides properly, the pest control con-man may not use a recognized or effective pesticide. As a matter-of-fact, he may apply no chemicals but just some chemically smelling liquid.

Pocketbook Drop frauds begin when a friendly attractive young woman (or man) strikes up a conversation with you on the street. During the chat she says she is a widow who has just collected thousands of dollars in insurance money which she shows you. At that point another woman (or man) appears looking perplexed. She has found a purse (or wallet) containing a great deal of cash and a suspicious letter and isn't sure what to do with it. She is a secretary on her lunch hour but her boss is a lawyer so she suggests the others wait while she goes and asks for his advice. When she returns she says her lawyer-boss thinks the money may be connected with some illegal business and that the three of them should keep the money and share it. But her boss wants to be sure that the three of them have enough money to live on for the 60 to 90 days before it is legally safe to spend the found money. He knows his secretary has her salary, the widow has her insurance money so those two suggest the victim prove her financial responsibility by withdrawing her savings from the bank. It sounds reasonable, the cash is withdrawn and added to the envelope for the boss to hold. The secretary returns and says her lawyer-boss is counting the money and wants to see you at a certain address. But when you get there you find the lawyer doesn't exist and your money is gone.

Vending machines are one of the most prevalent franchise frauds. The promoters usually offer profits of $1,000-$2,000 per month for a minimum investment of $5,000 and 8 to 12 hours of work each week. Machines are overpriced, prime locations are crowded with competing machines and when you discover the realities you have little or no chance of getting your investment refunded.

Worm Farms are not a way to instant riches. In fact, securities commissions in at least two states have brought criminal cases against sellers of worms as an investment. However, the fraud continues with sellers all over the country offering investors a starter supply of worms and a bin or bed to grow them in. The sellers guarantee to buy back all of the worms that are raised. The price for the starter worm farm is $375 to $800 per bin

depending on the size. The problem is that you can generally buy the same number of worms on the wholesale market for less than $50. Part of the bait to investors is the story that practically anyone can earn thousands of dollars with very little money down. and that a year after you buy your worms, you'll start raking in the money. However, most sellers of worm farms simply don't tell the real story. They misrepresent the type of worm being sold, the market available, how much time and effort it takes to care for the worms, how they are harvested, the costs involved, and the speed with which worms multiply. So if some salesman comes around with the suggestion you can get rich on worms, think twice and as with any other investment, get the facts first before you invest.

ADDENDA

Remember the old saying, "It's too good to be true?" It is more than just an old saying. If something seems too good to be true, it probably is. Bargains are limited, and anything better than a bargain is practically non-existent. The best way to avoid being fleeced is to spot an illegal scheme or deception before you become a victim. And as always, the best protection you have against rip-off schemes is your own knowledge. We devoted the May/June issue of our newsletter to Frauds, Schemes and Rip-offs to alert consumers to prevalent schemes and warn them against certain practices and dangers. We received numerous comments about how interesting and helpful the informaton was. There are so many swindles operating today that books could be written on the subject. As a matter of fact they are. But since our glossary of frauds only skimmed the surface of the frauds market, we thought that perhaps one of the best services we could make to our readers was to devote another issue touching on other schemes which are used to defraud the public of billions of dollars each year.

Irvin D. Parker
Administrator

SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS
2221 DEVINE STREET
P. O. BOX 5757
COLUMBIA, S. C. 29250

S. C. Consumer Affairs Report

Volume 5, Number 4

July/August 1980

Editor — Bob W. Rowland

Administrator — Irvin D. Parker

Assistant Editor — Brandi Clanton

Associate Editors — Sandra Thurman
Ree Driggers
Anna Stewart

S. C. Consumer Affairs Report is published bimonthly by the S. C. Department of Consumer Affairs. Material may be published, broadcast or reproduced. Return this publication to the above address if you do not wish to receive it or if change of address is needed, indicate change, including zip code.