

**ARE YOU A
TARGET OF...**



**TELEPHONE
SCAMS?**

FEDERAL TRADE COMMISSION

FOR THE CONSUMER

WWW.FTC.GOV

TOLL-FREE 1-877-FTC-HELP



If you're age 60 or older, you may be a special target for people who sell bogus products and services by phone.

It's easy enough to fall prey to their sales pitch. Telemarketing fraud is a multi-billion dollar business in the United States. Every year, thousands of consumers lose from a few dollars to their life savings to telephone con artists.

That's why the Federal Trade Commission (FTC) encourages you to be skeptical when you hear a phone solicitation and to be aware of the Telemarketing Sales Rule, a new law that can help you protect yourself from abusive and deceptive telemarketers.



How Older People Become Victims of Telemarketing Fraud

Fraudulent telemarketers try to take advantage of older people on the theory that they may be more trusting and polite toward strangers. Older women living alone are special targets of these scam artists.

Here are some reasons older people become victims of telemarketing fraud:

- Often it's hard to know whether a sales call is legitimate. Telephone con artists are skilled at sounding believable — even when they're really telling lies.
- Sometimes telephone con artists reach you when you're feeling lonely. They may call day after day — until you think a friend, not a stranger, is trying to sell you something.
- Some telephone salespeople have an answer for everything. You may find it hard to get them off the phone — even if they're selling something you're not interested in. You don't want to be rude.
- You may be promised free gifts, prizes, or vacations — or the “investment of a lifetime” — but only if you act “right away.” It may sound like a really good deal. In fact, telephone con artists are only after your money. Don't give it to them.



Common Telephone Scams

Con artists never run out of scams. Have you heard any of these?

- *Prize offers:* You usually have to do something to get your “free” prize — attend a sales presentation, buy something, or give out a credit card number. The prizes generally are worthless or overpriced.
- *Travel packages:* “Free” or “low-cost” vacations can end up costing a bundle in hidden costs. Or, they may never happen. You may pay a high price for some part of the package — like hotel or airfare. The total cost may run two to three times more than what you’d expect to pay or what you were led to believe.
- *Vitamins and other health products:* The sales pitch also may include a prize offer. This is to entice you to pay hundreds of dollars for products that are worth very little.
- *Investments:* People lose millions of dollars to “get rich quick” schemes that promise high returns with little or no risk. These can include gemstones, rare coins, oil and gas leases, precious metals, art, and other “investment opportunities.” As a rule, these are worthless.

- *Charities:* Con artists often label phony charities with names that sound like better-known, reputable organizations. They won't send you written information or wait for you to check them out with watchdog groups like those listed on page 11.
- *Recovery scams:* If you buy into any of the above scams, you're likely to be called again by someone promising to get your money back. Be careful not to lose more money in this common practice. Even law enforcement officials can't guarantee they'll recover your money.

Tip-Offs to Phone Fraud

Telephone con artists spend a lot of time polishing their “lines” to get you to buy. You may hear this:

- You must act “now” — or the offer won't be good.
- You've won a “free” gift, vacation, or prize — but you pay for “postage and handling” or other charges.
- You must send money, give a credit card or bank account number, or have a check picked up by courier — before you've had a chance to consider the offer carefully.

- You don't need to check out the company with anyone — including your family, lawyer, accountant, local Better Business Bureau, or consumer protection agency.
- You don't need any written information about their company or their references.
- You can't afford to miss this “high-profit, no-risk” offer.

If you hear these — or similar — “lines” from a telephone salesperson, just say “no thank you,” and hang up the phone.

The Telemarketing Sales Rule

The FTC's Telemarketing Sales Rule requires telemarketers to make certain disclosures and prohibits certain misrepresentations. It gives you the power to stop unwanted telemarketing calls and gives state law enforcement officers the authority to prosecute fraudulent telemarketers who operate across state lines.

The Rule covers most types of telemarketing calls to consumers, including calls to pitch goods, services,

“sweepstakes,” and prize promotion and investment opportunities. It also applies to calls consumers make in response to postcards or other materials received in the mail.

Keep this information near your telephone. It can help you determine if you’re talking with a scam artist or a legitimate telemarketer.

- It’s illegal for a telemarketer to call you if you’ve asked not to be called. If they call back, hang up and report them to your state Attorney General.
- Calling times are restricted to the hours between 8 a.m. and 9 p.m.
- Telemarketers must tell you it’s a sales call and who’s doing the selling before they make their pitch. If it’s a prize promotion, they must tell you that no purchase or payment is necessary to enter or win. If you’re asked to pay for a prize, hang up. Free is free.
- It’s illegal for telemarketers to misrepresent any information, including facts about their goods or services, earnings potential, profitability, risk or liquidity of an investment, or the nature of a prize in a prize-promotion scheme.

- Telemarketers must tell you the total cost of the products or services they're offering and any restrictions on getting or using them, or that a sale is final or non-refundable, before you pay. In a prize promotion, they must tell you the odds of winning, that no purchase or payment is necessary to win, and any restrictions or conditions of receiving the prize.
- It's illegal for a telemarketer to withdraw money from your checking account without your express, verifiable authorization.
- Telemarketers cannot lie to get you to pay, no matter what method of payment you use.
- You do not have to pay for credit repair, recovery room, or advance-fee loan/credit services until these services have been delivered. (Credit repair companies claim that, for a fee, they can change or erase accurate negative information from your credit report. Only time can erase such information. Recovery room operators contact people who have lost money to a previous telemarketing scam and promise that, for a fee or donation to a specified charity, they will recover your lost money, or the product or prize never

received from a telemarketer. Advance-fee loans are offered by companies who claim they can guarantee you a loan for a fee, paid in advance. The fee may range from \$100 to several hundred dollars.)

Exceptions to the Rule

While most types of telemarketing calls are covered by the Rule, there are exceptions. The Rule does not cover:

- Calls placed by consumers in response to general media advertising, except calls responding to ads for investment opportunities, credit repair services, recovery room services, or advance-fee loans.
- Calls placed by consumers in response to direct mail advertising that discloses all the material information required by the Rule, except calls responding to ads for investment opportunities, prize promotions, credit repair services, recovery room services, or advance-fee loans.
- Catalog sales.
- Calls initiated by the consumer that are not made in response to any solicitation.

- Sales that are not completed, and payment or authorization for payment is not required, until there is a face-to-face sales presentation.
- Calls from one business to another unless nondurable office or cleaning supplies are being offered.
- Sales of pay-per-call services and sales of franchises. These are covered by other FTC rules.



What You Can Do To Protect Yourself

It's very difficult to get your money back if you've been cheated over the phone. Before you buy anything by telephone, remember:

- Don't buy from an unfamiliar company. Legitimate businesses understand that you want more information about their company and are happy to comply.
- Always ask for and wait until you receive written material about any offer or charity. If you get brochures about costly investments, ask someone whose financial advice you trust to review them.

- Always check out unfamiliar companies with your local consumer protection agency, Better Business Bureau, state Attorney General or other groups listed on page 11. Unfortunately, not all bad businesses can be identified through these organizations.
- Always take your time making a decision.
- Legitimate companies won't pressure you to make a snap decision.
- It's never rude to wait and think about an offer. Be sure to talk over big investments offered by telephone salespeople with a trusted friend, family member, or financial advisor.
- Never respond to an offer you don't understand thoroughly.
- Never send money or give out your credit card or bank account number to unfamiliar companies.
- Be aware that any personal or financial information you provide may be sold to other companies.

For More Help

Before you buy from an unfamiliar organization, check it out with some of these groups. Your local phone directory has phone numbers and addresses.

Call For Action, Inc.
5272 River Road, Suite 300
Bethesda, MD 20816
1-800-647-1756

State Attorney General

Better Business Bureau

Local consumer protection organization

National Charities Information Bureau
19 Union Square West
New York, NY 10003-3395
212-929-6300

To stop unwanted telephone sales calls from many national marketers, send your name, address, and telephone number to:

Direct Marketing Association
Telephone Preference Service
PO Box 1559
Carmel, NY 10512

Under the Telephone Consumer Protection Act of 1991, you can ask that companies put you on their “do not call” lists. If the company calls you again, you can bring action in Small Claims Court.



For More Information

Federal Trade Commission
Consumer Response Center
600 Pennsylvania Avenue, NW
Washington, DC 20580
1-877-FTC-HELP (1-877-382-4357)

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

AARP
601 E Street, NW
Washington, DC 20049

Your state Attorney General
Office of Consumer Protection
Your state capital

(Many Attorneys General have toll-free
consumer hotlines. Check with your
local directory assistance.)



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