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# FACT SHEET

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## DEALING WITH FRAUD

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Have you lost money this year through gyms and frauds? Remember how many times you have seen unbelievable claims like "absolutely free" and "yours for only . . ."

Most businessmen are honest and fair to the public. They want satisfied customers who return to their stores. However, there is a very small minority of businessmen who prey on the public; this minority cheats the consumer and runs down the good name of business. Consumers can help keep these unscrupulous operators out of business by investigating their schemes and refusing to be taken by them.

How do unscrupulous operators work? They attract attention by making big promises which later fail to materialize. They prey on normal human desires. The schemer tries to make a sale by convincing you of two things: 1) there is something you need or desire very much; 2) the product he is selling will satisfy your need or desire.

There are several ways that swindlers appeal to your needs and desires. They may promise either to save you money or help you get rich. They may promise to make you beautiful, restore your good health, help you lose weight rapidly, make you popular and fulfill your family's dreams.

The businessman who gives away something for nothing in order to save you money can neither make a profit nor stay in business. Either the seller or the buyer must pay for goods and services. Usually it is the buyer who pays for goods he receives, and he ordinarily gets no better quality than he pays for. Investigate before being taken by such claims as "yours absolutely free" and "low, low prices."

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### PLAYING SAFE

Before committing yourself to an important or a doubtful proposition, keep the following guides in mind:

—Investigate before you spend large sums of money. There are so many goods and services on the market today that it is impossible to keep up with information on all products. However, learn as much as you can about products you plan to buy. Question unreasonable promises or claims.



—Buy goods and services from reliable places of business which are established in the community. Be particularly careful about door to door salesmen unless they represent a responsible firm with a local address. Have verbal promises by a sales person put in writing. If you are doubtful as to the reliability of a seller, call the Better Business Bureau.

—Be courteous to salesmen; however, do not be afraid to say NO to them. Remember, it is your money which is at stake, and you have the right to spend it as you want. The reliable businessman will not pressure you into making an unwanted purchase. He is concerned with your satisfaction. Stay away from the sales person who insists, "Buy now or lose the chance."

—Know what is on a contract before signing. If it is difficult to read and understand, ask the reliable dealer to go through and explain each of the terms to you. In the case of a major purchase, it may be desirable to have an attorney review and explain a contract for you. Sign a contract only after all blanks have been either filled in or marked out. A signed contract is a legal and binding document. Beware of the words "It's only a legal form; it doesn't mean anything."



#### CHEAT SCHEMES

There are some gyps and frauds which occur frequently. Many people have lost money through these. Avoid being caught in the same trap.

#### Bait Advertising

Bait advertising is a technique in which a seller advertises a bargain to attract you into the store. In either his store window or an ad, he offers a tempting deal. Once you are inside the store, the dealer may try to interest you in a higher priced item by telling you that the advertised bargain is unavailable, unsuitable or no good.

It is not against the law for the seller to call your attention to a more expensive item as long as you have the choice of buying the advertised bargain. However, it is *illegal* for a Texas seller to advertise an item if he does not intend to sell it. Texas law also says that stores which advertise an item on sale must have a supply large enough to meet a reasonable public demand, unless the ad specifies a limited quantity.

#### Earning Money at Home

Many people want to earn money, but they are unable to leave home to work. Earning money at home would solve their problem.

"Work-at-home" ads in newspapers and magazines may advertise easy work and large profits, with no experience necessary. Often these ads use testimonials or case studies of individuals who have successfully earned money through the program.

There is no easy way to earn money at home. Many schemes require that you either buy something or put up a sum of money. In some schemes you agree to make or produce a product which the promoter agrees to buy "if it comes up to his standards." Frequently, he will inform you either that your finished product does not meet his standards or that there is no market for what you produce.

If you take a work-at-home job, be sure that you deal with a reputable concern that will pay a fair market price for your work. Be suspicious of the requirement to buy something in order to qualify for work.

#### Lucky Winner Letters

Everybody likes to be a winner. Some businessmen take advantage of this human desire by sending out letters to individuals claiming they have won a prize. The prize may be a sewing machine, record player or vacation. Or the prize may be a discount on the purchase price of a particular item the store sells. Frequently, an item is free with the condition that something else be purchased. For example, a sewing machine may be free with the condition that you buy a five-year service policy and/or a cabinet or case. The record player may be free provided you buy a certain number of records each year.

Before taking advantage of a free gift or a special discount on the purchase price of an item, compare the total price of all charges you pay with the total price in other stores. Make sure you get an honest discount. Consider the brand of merchandise that you buy. Is it backed by a reputable company? Are parts and repair service readily available?

#### Home Improvement Frauds

It is normal to want a pleasant and attractive home. Phony home improvement salesmen use this as an excuse to sell roofing, siding, furnace repairs, chimney work, paint jobs, driveway surfacing, termite exterminations and tree and yard work.

Their offers sound worthwhile; however, they usually leave unsatisfactory work behind. There



are several lines the dishonest repairman uses to get your attention:

—He can offer a special deal because his company has been working in the area and has materials left over;

—He was driving by and noticed that a roof or something else needs repairs;

—He is a state or local official who has come to inspect your home to see that it complies with a safety code;

—He can offer you a special deal for letting him use your house as a “model home” for advertising purposes.

Protect yourself from home improvement fraud by dealing with local companies which have a good reputation. If you are uncertain about a local company, ask for names of people for whom they have done jobs. Talk to these people and look at the jobs. Have your lawyer look over a copy of any agreement before you sign.

#### **Land Frauds**

A second home, a retirement lot, or land in a peaceful and beautiful area appeals to many people. Swindlers have taken advantage of this human dream. Advertising brochures, ads and letters offer beautiful home sites, lake sites and retirement lots to individuals as ideal places either to spend vacations or to retire. Frequently these lots are in remote and desolate desert, mountain and swamp areas.

Avoid investing in land without seeing it first and knowing what you are doing. Be careful of buying land for a retirement home located in an isolated area. Find out what facilities, utilities and paved roads will be available. How close will stores, schools, churches, banks, medical care and other public facilities be? How close are neighbors?

Avoid being misled by a “free lot” offer. Many real estate promoters offer free lots in development sites as a lure to sell land. There may be fees, charges or other strings attached to getting a “free” lot.

Some companies offer a free weekend at development sites. This enables potential buyers to see the land. Some land developers use this as an excuse to pressure visitors to buy while others simply provide guests with information about the

site. Usually transportation is not included in the free weekend.

Before making a decision to purchase land, ask for and study carefully a copy of the property report which federal law requires developers give prospective buyers if they have as many as 50 lots in the development and advertise across state lines. The report provides information on availability of utilities and recreational facilities, distance to nearby communities over paved or unpaved roads, existence of liens on the property and type of title the buyer receives.

#### **Service and Repairs**

Today it takes an expert to repair complicated products like television sets, appliances and automobiles. Training and expensive equipment is needed to do the job.

Unethical repairmen can easily overcharge by installing unneeded parts and charging for services that are not performed. Although some legitimate repair needs to be done at the shop, the dishonest repairman may insist that all repair work be done there instead of in your home. If a Texas consumer refuses to pay a repair bill, the merchant can put a lien on the item and legally sell it to get payment for the bill.

Deal only with repair services which have a reputation for honesty. Choose a repair service authorized by the company—service personnel should be familiar with and have replacement parts for your particular piece of equipment. Ask for a cost estimate in writing before having equipment repaired and get an itemized bill after repairs are made.

#### **Poor Quality Merchandise**

Most consumers are attracted to good buys and low prices. However, sometimes prices sound too good to be true. For example, a roomful of furniture may sell for \$200 or a houseful of furniture for \$900. Close examination of such goods may reveal poor construction and low quality materials.

It is possible to get good buys on sale; however, be careful of any item which generally sells at a very low price. Usually, the consumer gets no better quality than he pays for.

#### **Medical Quackery and Quick Cures**

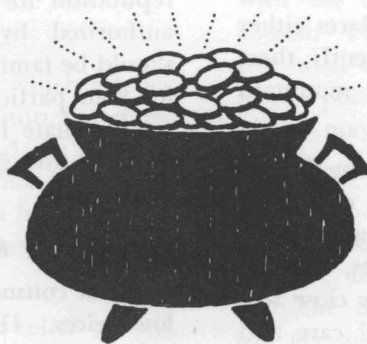
It is natural to want relief from pain and disease. Medical quacks promise special formulas, instant cures and quick relief from diseases such as

arthritis, rheumatism, cancer, diabetes, anemia, epilepsy, ulcers, high blood pressure, goiter and kidney diseases. However, these quick and easy cures do not exist.

If you have a disease or any disease symptoms, visit your doctor for help and advice. Stay away from the quack who promises a quick or easy cure using a "secret" formula or machine. Question advertising which uses testimonials or case histories of "cured patients," particularly when no address is listed for the patients.

Stay away from the schemes of the dishonest seller. If a deal sounds too good to be true, it probably is! Your best protection is to shop carefully and compare—and to expect to pay the reliable businessman a fair price. Common sense and a questioning mind go a long way in helping to avoid fraud.

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GETTING YOUR MONEY'S WORTH