THE PROS AND THEIR CONS

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Today’s con artists are pros who bilk businesses out of millions of dollars through telemarketing schemes

The “Classified Directory” swindle of the Depression era, revived anew in the 1960s, is once again flourishing throughout the country.

Representatives of the Federal Trade Commission and the Postage Inspection Service readily admit combatting such swindles is an uphill, yet losing battle. Promoters of these scams who receive cease and desist orders simply change names, base of operations, and continue to fleece unwary business owners.

Generally speaking, business firms want to be listed in the classified telephone directories of their local telephone companies. Playing on this fact, swindlers print official-looking bills using the words “telephone classified.” On these deceptive bills they paste the actual ads cut from legitimate telephone directories. Because at first glance nothing looks wrong, many such fictitious invoices are OK’d for payment by office personnel or business owners.

Usually, promoters do not print any directories and just hope to fool enough business owners in one large mailing. Their overhead costs are relatively low—as they recruit home workers through classified advertising (another swindle in itself) at minimum or substandard rates. The bills are printed on cheap-quality paper, window envelopes cut mailing costs, and low-cost postage rates are used.

To avoid prosecution, some con-game operators paste up the paid ads, photosty copy the pages, and claim they published a directory. In fact, there is no distribution of these “directories”.

Some promoters have been convicted of mail fraud, gone to jail, fined, or forced out of business. However, postal inspectors appearing before congressional committees state that tens of millions of dollars annually are bilked from victims.

Examine “directory” bills with the same scrutiny given to bills for goods or services rendered. Should an invoice for a “classified listing” be questionable, bring the document (including the envelope) to the nearest office of the United States Postal Inspection Service. You do yourself and the business community a service when you help rid the business world of these swindlers.

Another con-game, similar to telephone directories is the sale of advertisements in local journals supposedly for the benefit of your city’s police or fire department. The scam works this way:

The promoter sets up a telephone bank manned by persons recruited through classified ads offering high pay and commissions for telephone solicitation. Callers usually put the business owner on the defensive by asking: “You are in favor of better police protection..."
for our community? You want to see our police officers protected by bullet-proof vests which are not issued by the police department? You certainly want to see the widows and orphans protected by a fund for those injured or killed in action?"

If the caller gets the business owner to stay on the line long enough to hear the entire spiel, he claims the local police benevolent association is holding its annual dinner-dance at some future date and is counting on the community to place advertisements in the journal to be issued in conjunction with the gala event.

Ordinarily, the scheme does not involve the mailing of circulars or letters requesting placement of ads. Instead, someone will drop by to pick up the proposed advertisement, or business card to be used as the ad, and pick up the check payment as well.

Needless to say, in most cases no journal is really printed. If a journal is printed, there is very little distribution—certainly not enough to warrant the expense of the ad. Some small portion of the proceeds are given to the local firefighters or police associations. Supposedly this shows the promoter did not keep all of the money—but rest assured “expenses” ate up most receipts, and very little actually goes for the purpose given in the sales pitch. Unfortunately, sometimes it is hard to get a conviction when the promoter can show monies were given for the stated purposes—claiming the low donation was due to high overhead expenses.

When you are contacted, ask for an address. Refuse to give money to a collector instead of mailing it, and insist on calling someone in the police or fire department. Better still, give donations directly to the local associations.

The “unordered merchandise” swindle is the latest scheme to part you from your money. Someone calls your office claiming that because of a cancelled order, there are thousands of pens, accounting pads, computer ledger pages, etc., being sold at a fraction of the retail price. Should you agree to buy some, the order will arrive C.O.D. with shoddy merchandise that can’t be returned.

There are many variations of the “unordered merchandise” scheme. No matter what answer you gave to the telephone solicitor (a boiler-room operation using a WATS line), you might receive a large carton of unordered merchandise with an enclosed invoice. Refuse payment and you are threatened with a lawsuit, incurring legal expense and sometimes affecting your credit rating. Swindlers use these fears as an inducement to accept the unordered merchandise, and swallow the inflated prices and shoddy merchandise that is of very little real use.

To defend yourself, tell callers merchandise is only purchased from regular suppliers. Furthermore, shipping room employees should be told only to accept parcels for which they have purchase orders. If you don’t use purchase orders, make sure anyone receiving and signing for merchandise firsts checks with an officer or supervisor. When parcels are refused, instruct the shipper to return these to the sender.

You may have to learn to turn down what seems like an offer too good to be true. But if it is really too good a price to be true, rest assured it is not true. However, if you are “taken”, don’t keep mum. File complaints with all appropriate federal agencies if an interstate transaction is involved. For intrastate transactions, contact state and city authorities to register your complaint. Maybe you won’t get your money back, but you can add to the momentum for ridding the country of these swindlers.