

Dear Publishers and Broadcasters:

This is an open invitation to all publishers and broadcasters to join with the Direct Marketing Association and the U.S. Postal Inspection Service in combating mail-order fraud that all too frequently starts with false and misleading advertisements.

Most mail-order businesses are legitimate. Unfortunately, fraudulent promoters sometimes use the legitimacy of mail-order businesses and respected publications as covers for their own illegal operations. We know you share our concern that too many of our customers are suffering losses from misrepresented mail-order promotions.

Practically all major advertisers have their own codes of good practices for commercial acceptance. This booklet offers additional suggestions and, based on our experience, compiles some of the more common wording used in false or misleading advertisements. This booklet is intended to assist your advertising department in its screening process.

By joining forces, we should be able to drastically reduce the damaging effect advertising fraud has on the American public and business. If you would like to discuss this matter further, we would be happy to meet with you.

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Chief Postal Inspector  
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U.S. Postal  
Inspection Service



**Direct Marketing Association**

Direct Marketing  
Association, Inc.

## Deceptive Mail



The U.S. Postal Inspection Service is attentive to marketers whose advertising campaigns clearly break the law. The Deceptive Mail Prevention and Enforcement Act, which became law on April 12, 2000, allows the Postal Inspection Service to better protect consumers against those who use deceptive mailings. The law bans advertisers from sending government look-alike mailings and requires that disclosures on sweepstakes mailings be clearly and conspicuously displayed. Sweepstakes mailings must clarify that it is not necessary to buy something to enter the contest and that purchases will not enhance consumers' chances of winning. The mailings must also disclose the odds of winning a prize. Advertisers who violate these requirements are subject to prosecution. Marketers are also subject to substantial penalties for noncompliance with the law.

Fraudulent or misleading marketers often use similar terms and advertising techniques to promote their products. Key words and phrases may be used to entice readers or listeners to respond favorably to an advertisement. As a publisher or broadcaster, you can identify “danger signs” and, in turn, limit public loss and protect your publication’s or station’s reputation.

Although the danger signs are often apparent in fraudulent advertising and in false representation schemes, a good practice for detecting deceptive advertising is to ask: *“Does the offer, promotion, payoff, or benefit advertised sound too good to be true?”* Following that practice and using the information in this booklet may assist you in identifying questionable advertisements before publication or airing.

## Get-Rich-Quick Schemes



Deceptive investment and business opportunity ads prey on a basic human emotion: the need for financial success. The ads are often characterized by a classic work-at-home offer, a once-in-a-lifetime investment, or a distributorship program. Such ads can generally be detected by a conscientious publisher or broadcaster who recognizes the following warning signs:

- Ads that offer an opportunity to earn extraordinary pay in a very short time for very little effort or investment. Some buzz phrases used are:

*Anybody can do it*

*Quick and easy*

*Big, fast profits*

*No experience needed*

*Work in the comfort of your home*

*Work in your spare time*

*No risk*

*Fill a great demand*

*Nothing illegal*

- Ads with graphics that may depict consumers holding a fistful of dollars or prominently feature luxury items and testimonials detailing fabulous success stories. The bolder the picture, the less likely the ad is legitimate.
- Ads that purport to be giving away a “secret plan for success” only available for a limited time to a select few. Money is usually required “up front” to participate.
- Ads that promise an excessively short-term return for an investment opportunity, with a guarantee to repay all the principal at any time.
- Ads that contain statements declaring their legality. Such ads often feature surveys in which consumers check the level of success they want to achieve.
- Ads that offer money-back guarantees with restrictive provisions.
- Ads that offer loans in unlimited amounts to finance any worthwhile enterprise. Here again, a participation fee is required up front.
- Ads that focus on fear tactics and doomsday warnings about the imminent collapse of the American economy and Western civilization in general. Salvation is offered in the form of investments in gold, silver, platinum, or “strategic metals.”
- Coin ads implying a connection with the U.S. government or promising overnight profits in numismatics. Such ads may also announce a “just released” find of rare antique coins and offer unlimited buy-backs and unconditional guarantees.

## Health Fraud



Unfortunately, no known products on the market can burn off fat overnight, increase bust size, or cure cancer.

This does not keep fraudulent advertisers from preying on consumer vanities and fears and reaping millions of dollars each year. While many consumers suffer only a monetary loss, some may actually delay a needed medical treatment because they believe in the ad's claims.

You should be careful in accepting ads for health products that make the following claims:

- Overnight medical cures and treatments that are effortless and painless.
- An opportunity to obtain pills, ointments, wraps, and paraphernalia that have been "chemically tested in Europe" by a world-famous researcher.

## Misleading Advertising

- Products “developed after years of secret research” and “proven to provide immediate positive results.”
- Testimonials from famous medical experts or satisfied consumers.
- Money-back guarantees with restrictive provisions.

## Credit Repair



Recent years have seen a rise in ads offering — for a fee — credit repair services to consumers with bad debt histories. The deceptive ads are characterized by promises to issue credit cards regardless of credit rating or to erase a bad credit history.

## Product Misrepresentations



Product misrepresentation is one of the most difficult forms of deceptive advertising to detect. When in doubt, try to secure a sample of the product. As a rule, publishers and broadcasters should be cautious when accepting ads that feature the following characteristics:

- Merchandise advertised at well-below market value for a limited time only. This technique is a common feature of ads for electronics, such as computer hardware or software and video equipment. Often, the consumer can only order the product by phone.
- Off-brand merchandise with names similar to nationally recognized brands.
- Vague product descriptions.

## Travel Fraud



High-profile issues, such as airline deregulation, give the con artist a new lure to defraud the American public. Fraudulent ads usually offer exciting travel opportunities at extremely low prices. Publishers should be cautious when they see:

- An offer accompanied by a certificate for free or very low-cost travel.
- Offers for free exotic trips, travel over a period of years, and free coupons with membership.
- Vague descriptions of services and accommodations.

## Ad Clearance Tips

Although some advertisements include pictures of the product, experience with misrepresented promotions shows that, too often, the picture bears little resemblance to the item sold to the public.

Ask for a sample of the merchandise when the ad is in the least bit suspicious. Obtain a production sample, not a handmade mock-up. If the advertiser cannot submit the sample before the ad deadline, then you should wait until the next closing date.

When you get the sample and you feel certain copy changes should be made to make the offer more representative, ask for the changes. You will be surprised at how many advertisers are glad to comply with your request.

If the advertiser is new to your publication or station and plans to run a large ad, check to verify the integrity, stability, and performance of the advertiser.

The Better Business Bureau, local consumer agencies, and the U.S. Postal Inspection Service office in the advertiser's area are good sources to check. Better yet, alert sources anytime you have a bad experience.

Here are some warning signs:

- If your intuition tells you to check an ad thoroughly, do so. Don't let it slip by.
- If a large order was too easy to get, be suspicious. Check the credit and check the source.
- When the buy isn't smart — wrong season, wrong regions, wrong product for your publication — investigate. Some advertisers flood the market with impressive-looking contracts, knowing that many will be accepted.

- When an advertiser breaks rules in setting up an ad, be suspicious. Something may be awry.
- If an offer is unclear to you, it will be equally unclear to your readers or listeners. If you have read the copy twice and still don't know the exact nature of what is being offered, ask the advertiser for clarification of the copy. The mere act of requesting information will deter some unscrupulous advertisers.
- Make yourself the surrogate reader. Is the copy outlandish? Are the claims so strong they are unbelievable? Be particularly wary of ads that claim to cure physical ills, such as arthritis, obesity, or cancer.
- Taste is a subjective matter, and each publisher must decide what is in good or bad taste for his or her audience. However, don't be afraid to ask for a new illustration or a copy change if you feel the ad is inappropriate.
- You should know the street address and telephone number of every advertiser. In many cities (such as New York), Post Office box numbers must be accompanied by a street address. If the company is very small, try to get the home address and telephone number of the principal.
- Be careful of advertisements with no address that require use of a toll-free number and charge card to order merchandise. This method of payment is often an attempt to avoid use of the mail to circumvent the jurisdiction of the Postal Service.
- Be leery of ads that have the appearance of official government documents or use company names that closely resemble other well-known national firms or organizations. This technique is often used to lend credibility to fraudulent operations.

Another danger sign aimed directly at your pocketbook is payment for advertising with an “insufficient funds” or “account closed” check. This disregard for ethical business practices may signal that the promoter has a similar sense of responsibility to maintain truth in advertising.

In addition to consumer agencies that can provide you with information on the history, business practices, and general reputation of a firm submitting questionable advertising, trade associations can be invaluable sources of information.

## **Reporting Suspected Fraud**

If you suspect fraud, contact the U.S. Postal Inspection Service. If possible, the Postal Service will investigate the complaints and will attempt to assist customers in resolving mail-order problems.

To find your nearest Postal Inspection Service office, visit the Web site at *[www.usps.com/postalinspectors](http://www.usps.com/postalinspectors)*.

## Resources

The following organizations may be able to assist in evaluating the validity of advertising claims:

- United States Postal Inspection Service
- Direct Marketing Association
- American Newspaper Publishers Association
- Industry Council for Tangible Assets
- Financial Planning Association
- Association of Mail Receiving Agencies
- Federal Trade Commission
- North American Securities Administrators Association
- Food and Drug Administration
- Council of Better Business Bureaus
- Commodity Future Trading Commission