

# TELEMARKETING FRAUD



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## INTRODUCTION

Fraudulent telemarketers swindle American consumers out of more than a billion dollars each year. These professional con-artists peddle everything from overpriced and useless water “purifiers” to “gold mines” that are nothing more than piles of dirt.

Of course, selling products or services by phone is not in itself a crime. Most telemarketers represent honest, reputable businesses. But because so many customers enjoy the ease and convenience of shopping by phone, it is an attractive tool for unscrupulous salesmen.

Anyone with a telephone is vulnerable to the high-pressure sales tactics and enticing offers of the dishonest telemarketer. Stockbrokers have been lured into phony investment schemes. Real estate professionals have bought into worthless land deals.

Federal and State authorities work hard to put fraudulent telemarketers out of business. Unfortunately, fraudulent telemarketers are hard to track down. Most are “fly-by-night” operators working out of so-called “boiler-rooms” - - leased space with banks of telephones staffed by professional scam artists. Once under investigation, they can easily shut down and move -- virtually overnight --

to another town or state, changing their names to cover their tracks.

Because enforcement is so difficult, it is essential for today’s consumer to be informed. The following tips can help you detect telemarketing fraud and avoid becoming a victim.

## TIPS FOR SPOTTING FRAUD

Certain elements are common to most scams. Beware of the following:

- “Free” gifts that require you to pay “shipping and handling” charges, “redemption” fees, or “gift taxes,” before delivery.
- “High-profit, no-risk” investments. No high-profit investment is free of any risk.
- High-pressure sales tactics and demands for you to “act now.”
- A request for your credit card number for “identification” purposes or to “verify” that you have won a prize.
- Refusal to provide written materials or even the most basic details about the organization, such as its exact location or names of its officers.
- Organizations that are unfamiliar to you or that have only a P.O. Box for an address. (Some organizations use a

P.O. Box so you will not know their location).

### **DON'T BE A VICTIM!**

To avoid being swindled, follow these precautions:

- Don't give out your credit card number over the phone unless you know the organization is reputable.
- Insist on getting written information about the organization. At the same time, don't assume an organization is legitimate solely on the basis of impressive brochures or enthusiastic testimonials.
- Find out if any complaints have been registered against the company from your state Attorney General or local Better Business Bureau [www.bbb.org](http://www.bbb.org). But remember, scam artists frequently change names and locations. Just because there are no complaints on file does not mean a business is trustworthy.
- In the case of charitable organizations, you have the right to know if the caller is a volunteer or a professional telemarketer/fundraiser. Don't commit yourself over the telephone. Ask for written information about how much of your donation will actually go to the charity and how much will be spent on administrative costs.
- Take time to make a decision before investing. Consult someone whose financial advice you trust. Have them review any contract or prospectus before you commit yourself.

- If a caller is uncooperative in answering your questions, simply hang up the phone. Remember, you have a right to know specifics. They have no right to your money.

Above all, follow the advice: **“If it sounds too good to be true, it probably is!”**

### **IF YOU ARE VICTIMIZED**

The nation's leading consumer protection enforcers, the Federal Trade Commission and the state Attorneys General, have declared telemarketing fraud as a high priority. Together they are working to end this problem that robs American consumers of more than a billion dollars each year.

If you get swindled by a telemarketer, don't be embarrassed to report it or assume it's not worth your time. By reporting the incident, you can help ensure that others aren't victimized.

Contact:

Federal Trade Commission  
[www.ftc.gov](http://www.ftc.gov)  
(877) FTC-HELP

or

Idaho Attorney General  
[www.ag.idaho.gov](http://www.ag.idaho.gov)  
(208) 334-2400

**\*This handout is general in nature. It is not a substitute for legal advice from an attorney regarding individual situations. (August 2021)**

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<https://aflegalassistance.law.af.mil>