



Magazine Subscription Solicitations

From the Office of Minnesota Attorney General Lori Swanson

The Attorney General's Office warns people to be on guard against magazine sellers that use that use aggressive tactics and phony claims to sell subscriptions. Some people have been duped into paying thousands of dollars for magazines they did not want or "renewing" subscriptions that were already paid up months in advance. While these fraudulent sales pitches can take many forms, the scheme is generally initiated in one of three ways—telemarketing phone calls, direct-mail solicitations, or through door-to-door salespeople. Before you purchase or renew your next subscription, know the following:

Telemarketing Magazine Sales

Some unscrupulous telemarketers use deceptive and high-pressure sales pitches to trick people into paying for multi-year magazine packages that can cost more than \$1,000. To carry out the scheme, some telemarketers use a three-part phone call. In the first part, the telemarketer calls a consumer and makes the sales pitch, which may be loaded with misrepresentations and outright lies. For example, the telemarketer may claim to represent the consumer's magazine company, falsely state that the consumer has won a lucrative prize (which never materializes or turns out to be worth very little), or falsely indicate that the consumer may cancel the package at any time (when they cannot). Second, the telemarketer transfers the consumer to a "supervisor" to "close" the sale. This telemarketer lures the consumer into disclosing his or her personal and financial information. Third, after the telemarketer has obtained this information, the telemarketer convinces the consumer to participate in a tape-recorded "verification" of the order. This "verification" may be the first and only time the telemarketer discloses the true terms of the subscription package. To confuse the consumer, the telemarketer may talk very fast. If a consumer indicates that the terms are different from what was offered earlier in the call, the telemarketer may tell the consumer to ignore what he or she is saying and that the earlier "terms" are the actual

terms of the agreement, even though this is not true. Some telemarketers have gone so far as to splice or otherwise doctor recordings to make it sound like the consumer ordered something that he or she did not. While there are many variations of telemarketing magazine schemes, some of the more common include:

- 1. You've Won a Prize.** Under this variation, a telemarketer tells consumers that they have won a valuable prize, such as a \$1,000 gift card. To receive the prize, the telemarketer tells the consumer that he or she must order a magazine service that costs "pennies a day" or "dollars a week." In truth, the telemarketer charges the consumer more than \$1,000 for the magazine service and does not deliver the gift card. When consumers complain about not receiving the gift card, the telemarketer relies on the tape-recorded "verification" (in which the gift is never mentioned) to pressure consumers into paying for the service.
- 2. You're Entitled to a "Lower" Payment or "Credit."** Under this variation, a telemarketer calls a consumer and identifies himself as a representative of the consumer's magazine company or publisher. Because some magazine sellers share people's information, the telemarketer may already have the consumer's information and use it to legitimize his or her claims. In some cases, the telemarketer may offer to lower the consumer's monthly payment to protect against future price increases. Other times, the telemarketer may offer a payment credit because the consumer has purportedly been a good customer. The telemarketer then requires the consumer to "verify" the terms of the reduced payment plan on a tape recording. In truth, the telemarketer uses this tape recording to sign the consumer up for a new magazine package that costs several hundred dollars.

3. **“Bonus” Magazines.** Under this variation, a telemarketer calls consumers and tells them that they did not receive their “bonus” magazines. As with other variations, the telemarketer typically identifies himself as a representative of the consumer’s magazine company or publisher. The telemarketer uses a variety of ploys, such as pretending to take a survey, to lure the consumer into providing his or her personal and financial information. The telemarketer then instructs the consumer to participate in the tape-recorded verification, in which the consumer believes he or she is simply verifying the terms of their old agreement to receive the bonus magazines. In truth, the verification is used to sign the consumer up for an additional magazine package.

Be very wary of buying magazine packages from telemarketers. Some of these companies refuse to cancel consumers’ packages, which may lead to unauthorized charges to a financial account that can only be stopped by cancelling the account. After this, the company may hound the consumer for payment of the supposed “bill” or forward the account to a third-party debt collector. The company may also sell or trade your information to other companies, which could lead to a barrage of high-pressure calls from other deceptive magazine telemarketers. If you receive a call from a magazine telemarketer, consider the following:

- **Don’t believe the hype.** Some magazine telemarketers will say anything to get you to buy a subscription, including misrepresenting the cost of the subscription or your ability to cancel the order. Others may make bogus claims about the value of gifts that come along with the purchase. These gifts often fail to materialize and, if they do, they are generally worth far less than advertised.
- **Ask to read the fine print.** Ask the company to mail its offer to you, rather than agreeing to buy or “renew” the subscription over the telephone. This way, you can review the fine print of the pricing, terms of the subscription or service, and the company’s cancellation policy.
- **Be extremely cautious.** Don’t give your credit card or banking information out to unfamiliar

telemarketers, as such disclosures can lead to identity theft or unauthorized withdrawals from your accounts.

- **Don’t be afraid to hang up.** If something doesn’t seem right or you aren’t interested in the offer, hang up the phone and do not respond to future calls. Hanging up isn’t rude if you think you are being scammed.

Direct-Mail Solicitations

Some magazine sales companies mail solicitations that resemble renewal notices or subscription invoices that people receive from their magazine companies. To further the appearance that the solicitation is from the recipient’s magazine company, these companies sometimes mail their solicitations under assumed business names that include words such as “publishers,” “billing,” “center,” “readers,” “payment,” and “service.” While these solicitations are designed to look like legitimate bills or renewal notices, the fine print typically indicates that the mailings are solicitations, not bills. The companies that send these solicitations hope that some people will assume the solicitations were sent by or on behalf of their periodical and send payment believing they are buying or renewing the subscription directly with the magazine. People who respond to these types of solicitations may later realize that they paid a much higher rate than that charged directly by their magazine company for the same subscription and have difficulty cancelling their orders. If you receive a solicitation in the mail offering a new or renewal subscription, consider the following:

- **Contact the publisher.** Whether or not you subscribe to the magazine, call the publisher to determine if it sent the solicitation and ask for its best price. Don’t trust the telephone number on the solicitation—call the publisher using the telephone number on its website.
- **Read the fine print.** Review the entire solicitation carefully, including the fine print, to determine whether it is from the publisher. These types of solicitations often identify the name (or assumed business name) of the magazine sales company in small print.

- If you did not order the subscription or renewal and don't want it, you are under no obligation to pay and are free to simply throw the solicitation in the trash can or recycling bin.
- **Don't let strangers into your home.** In some cases, door-to-door salespersons refuse to leave people's homes until they sign a purchase agreement or give out their credit card information. The best defense: don't let them in to begin with.

Door-to-Door Solicitations

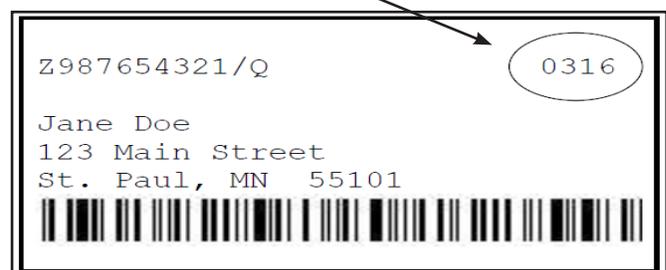
Door-to-door magazine solicitations are often conducted in the warmer months by young people who claim to be high school or college students. They may claim to be raising money for a trip abroad, baseball team or some other school activity. The salesperson may promise that some portion of the sale will be donated to a charity, such as a children's hospital or to troops overseas. Door-to-door salespersons are generally eager to close the sale on the spot and ask for immediate payment by cash or check. If you are contacted by a door-to-door salesperson, consider the follow:

- **Ask for identification.** Minnesota law requires salespersons who make "cold calls" at peoples doorsteps to clearly and expressly disclose: (1) their name, (2) the name of the business they represent, (3) the goods or services they wish to sell, and (4) that they wish to sell those goods. The salesperson also must show the potential buyer an identification card with the salesperson's name and the name of the business represented.
- **The details matter.** Fast-talking and aggressive salespersons may use high-pressure tactics, deceptive price representations, and gimmicky free offers to gloss over the true price of a subscription. Read the fine print before you purchase anything.
- **Don't be rushed.** If you are interested in supporting a given school activity or charitable effort, take your time to research the offer. Some salespeople may tell you that they have a limited time offer or some other special deal that will not be available at a later date. They may even tell you that they are leaving the state the next morning and need to close the sale today. Don't be tricked by high-pressure sales tactics. Any reputable entity that wants your support will not force an immediate decision at your doorstep.

A Word About Early Renewal Notices.

Some magazine publishers send renewal notices in cases where a customer has already paid up months or years in advance. The "renewal" notice may imply that the subscription is running out or contain language meant to create a false sense of urgency, such as "YOUR IMMEDIATE ATTENTION IS REQUIRED." In more extreme cases, the mailings may even suggest that your subscription will be suspended or your account will be sent to collection if you do not immediately renew. These companies count on the fact that subscribers do not always know when their subscription ends. To avoid renewing your subscription earlier than you want or need to, consider the following:

- Keep a list on a note card or your computer of all your magazine subscriptions and when they run out. Before you renew, check the list. Update the list each time you renew.
- If you receive a renewal notice, check your receipts or with the publisher to find out when your current subscription ends.
- Some states' laws (not Minnesota) require magazine companies to disclose the expiration date on the mailing label of the magazine and on any renewal notices. As a result, many renewal notices and magazine labels list the expiration date somewhere on the notice or label. Look closely, though, because the expiration date may be hard to find or difficult to distinguish—like in the example below, which uses a "MMYY" format.



Additional Resources

If you have been subject to a magazine scam, or have concerns about any subscription offer or renewal, you may file a complaint with the Minnesota Attorney General's Office and Federal Trade Commission as follows:

Office of Minnesota Attorney General

Lori Swanson

445 Minnesota Street, Suite 1400

St. Paul, MN 55101

651-296-3353 or 800-657-3787

TTY: 651-297-7206 or 800-366-4812

www.ag.state.mn.us

Federal Trade Commission

Consumer Response Center

600 Pennsylvania Avenue NW

Washington, DC 20580

Toll-free helpline: 1-877-382-4357

www.ftccomplaintassistant.gov