

Telemarketing Resale Scams

By: Federal Trade Commission

If a telemarketer calls you with a chance to make extra money by re-selling designer clothing, purses, or perfumes from your doorstep, it might seem like the ideal work-at-home situation. For scammers, it's a great way to steal your money through a scam that's a classic game of bait and switch.

About Telemarketing Resale Scams

You may have gotten a random call pitching a sweet work-at-home business opportunity: you buy brand-name luxury products at below retail prices, then re-sell the merchandise to your friends, family and people in your community. The telemarketer speaks your language, and sounds like someone you can trust who understands your community. You place an order. The telemarketer promises to send you the brand-name merchandise as long as you agree to pay cash on delivery (COD) or with a money order. But there's a catch: You have to pay the delivery person before you can open and inspect the contents of the package.

Once you pay the delivery person and open the package, you discover junk – not the brand-name clothing, perfumes, and purses you ordered. The stuff you got is unusable and unsellable. You complain to the company, which claims there was a shipping mistake. They promise to send the right merchandise and a refund check, and just like that, you have unknowingly entered a cycle of bait and switch. The fraudster asks for another COD payment on the new, corrected order (again, you're not permitted to inspect the contents of the package first). At some point, you realize the scam and start refusing COD shipments. That's when the company begins harassing you for payment, including threatening to sue you, have you arrested, or report you to immigration authorities.

If You Suspect a Scam

Threats of lawsuits, legal claims, or deportation, and intimidation or other forms of harassment in exchange for payment can be signs of a scam. Legitimate companies don't threaten customers. If you are being threatened or suspect fraud, contact the local office of your state attorney general or file a complaint with the FTC immediately. And remember, anyone living in the U.S. has consumer rights, regardless of their status or the language they speak.

How to Reduce Your Risk

While you can't eliminate all risk, there are some things you can do to minimize it:

- Research any company before agreeing to do business with them. Enter the company's name in an online search engine and look for any negative comments or complaints. Query the street address or phone number to make sure the company actually exists at the location. Has the company changed its name recently or multiple times? That could be a sign of a scam.

- Be skeptical when you get cold call offers. Telemarketers who call you out-of-the-blue with work-at-home opportunities are trained to gain your confidence by sounding like trusted advisors and speaking your language. They also may use high-pressure sales tactics to entice you into paying them money without giving you time to think it through. You can avoid most cold calls – at least those from legitimate telemarketers – by placing your home and mobile phone numbers on the National Do Not Call Registry.
- Avoid cash on delivery or money order requests for payment. Requiring payments by COD or money order upon delivery of a package could be a sign of a scam. Another red flag is when you're told you can't open the box to inspect the merchandise before you pay for it. Refuse any delivery that comes this way.
- Report companies that ask you to pay for their mistake. If a company says they made a mistake with your order and promises you a refund – but withholds the order or the refund until you pay again consider it a warning sign of a bad deal. No matter how convincing they may be, it's just not right for you to have to pay more just to get the right merchandise delivered to you when the wrong delivery was the company's so-called mistake.
- Be skeptical of ads you hear on radio or see on TV. Seeing a product, service or job opportunity on TV, or hearing about it on the radio doesn't guarantee that a company is legitimate. Do your homework: research the company first.
- Be skeptical if someone wants you to buy into a business based on you selling high-quality brand-name products for less than retail price from your home. Ask yourself how could supposedly high-quality brand-name merchandise cost so little?