

A Short Course In Mail Order Fraud

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A Short Course In Mail Order Fraud

What you need to know about mail fraud!

When the mails are used to intentionally misrepresent a product or service it constitutes Mail Fraud. The U.S. Postal Inspection Service is charged with investigating violations of the law, usually in response to consumer complaints.

The best way to protect yourself from mail fraud is to recognize that it is a fraud and not become involved. This is not easy to do because of the attractive wording in the deceptive ads. Anything that sounds too good to believe is suspect. Medical formula's and gadgets that make "insane" promises are probably "insane" and you should stay away from them. Especially be cautious regarding some of the thousands of different weight loss products and overnight cures.

Never purchase land through a mailorder ad unless you or your personal representative has seen the land, it is as represented, and the value is there. If the salesperson has shown you the property report you can cancel your purchase agreement within seven days. If no report was shown to you before signing an agreement you have the right to cancel out within two years.

There are a number of insurance frauds floating through the mails. Requests to sign blank insurance forms, last chance bargain offers, payments in advance and cash payment requirements could indicate con artists at work.

Of course, most everyone has received chain letters sometime in their lifetime and if you are in the mailorder business you should get several every day as a minimum. Chain letters are illegal and do not work anyway. Need we say more? More later!

We've all seen the ads offering job placement and job opportunities. Most of them are legitimate but some are 100% non-existent or complete misrepresentations. Don't spend your money for the required fee until you have checked with your local consumer affairs office or Better Business Bureau.

Then there are those who promise huge profits without risk in commodities, stocks, oil, gold, silver or coins, through the mail or over the telephone.

There are hundreds of very fine investment opportunities offered but you can't risk your hard earned cash, or possibly lose your life savings, to mail order or telephone swindlers. Several of the larger, well recognized firms have gone bankrupt through fraud and management manipulations carrying client's investments right down the drain with them. Always use caution and investigate the company thoroughly before you put up one dime.

Another favorite of the crooks is home improvements. Quite often you never see them after you sign a contract and pay them a deposit to do the work. If they send brochures through the mail and the work they perform is not as represented it could constitute mail fraud. Get estimates from local service companies to determine if the price of the mailorder offering is reasonable and in line. Check the references of the organization.

The laws, regulations and paperwork involved in setting up franchise operations are horrendous. Various large distributorships are equally difficult to establish but generally do not have to conform to near as many controls and regulations. On the other hand, some mail order distributorships and wholesale outlet require very little effort and the home company has little control over their activities. If profits promised are unrealistic or if the product or service is secondary to selling the franchise or distributorship, proceed with caution!

U.S. Postal Service....Subject: Chain Letters:
If you ask the Postmaster to check out whether a chain letter is legal or illegal, you will get a letter similar to the following:

TO: xxxxxxxx

Dear Postal Customer:

We are in receipt of a chain letter furnished through the xxxxxx Post Office for your consideration.

As information, chain letters that request money, bonds, books, or other items of value, and promise a substantial return to the remitter which is dependent upon the activities of those who follow in the chain, are regarded as non-mailable under the postal lottery and fraud laws, Title 18, U.S. Code, Sections 1302 and 1341.

Chain letters which call for nothing more than recipes,

picture post cards, and the like, are ordinarily considered to be mailable inasmuch as the items sent do not constitute a thing of value within the meaning of the applicable law.

Chain letters involving "good luck" chain prayers which contain a threat of bad luck to those breaking the chain, do not violate the lottery and fraud laws, however, postal cards bearing the same message are non-mailable under Title 18, U.S. Code, Section 1718, which prohibits threatening matter on the outside of the mail.

Inasmuch as the particular chain letter you received appears to violate the postal lottery and fraud statutes, we are forwarding same to our Division Headquarters for attention.

The person or persons who are listed on the chain letter will then get a letter advising them the letter is illegal and that they should immediately disassociate themselves from any further activity with the scheme.

There are hundreds of illegal chain letters, and also a few legal ones, going through the U.S. Mail every day. There are thousands of Multi-level marketing programs floating all over the country, many of which are just as illegal as chain letters. It's sometimes difficult to understand why any of these should be classified as illegal because a person usually doesn't spend over a couple of bucks and they seem to get a lot of enjoyment for their investment. Nor does anyone make a dime on them anyway, and that usually includes the person who started the program.

Gift Catalogs, Circulars, etc., offering Drop-Ship Services:

Some writers try to tell you that companies which offer drop-shipping programs are illegal. That the only ones making money are the dealers furnishing the catalogs. If that is the case, just about everyone in the mail order business is illegal! Many prime source printers, dealers, and distributors offer full color catalogs or circulars with your name imprinted and a well planned program for a reasonable price. You can make good money, just like in any other business if you put reasonable time and effort into the project. You can also make extra money with this kind of program by riding it along with your other regular mailings, thus filling your envelopes to maximum for the postal weight limit.

The people who think this is a fraudulent way for the mailorder distributor to operate apparently have little or no knowledge of the mailorder business. They ask "if the

deal is so good, why doesn't the drop-shipper mail the catalogs themselves and not have to pay any commission". Well, even a fool should know that to multiply your profits through legal and fair association with others is the way all successful businesses in America operate! This in addition to many other factors such as using independent contractors, rather than setting up employees, payroll tax reports, etc., and of course it's about the only way to get your offers presented to 150 million prospects.

They say you cannot make it on the usual 50% commission. What about the drop-shipper. For example the author and prime distributor of a book. Perhaps he has put in several months of research and hard work writing the book. Then comes the enormous cost of layout, printing, collating, binding, preparation of promotional data, and building a presentable program. He's doing others a great favor by letting them keep one-half of the money taken in from his labors. He may even break-even while hoping to make a well deserved profit . And yet these know-it-all characters try to tell us the prime source has no advertising costs, that their operations are very profitable and that they have no risk.

I can agree with them when they talk about "envelope stuffing", but don't let them confuse a legal catalog and drop-ship program with a worthless, misrepresented envelope stuffing program that has no real substance or money-making value.

Envelope Stuffing Schemes:

Now we're talking about "work at home schemes"; not legitimate work at home opportunities, distributing, or drop-ship programs. In fact most letter stuffing "schemes" are not necessarily illegal unless they take your money through fraud or misrepresentation. They usually send literature on some product or service they offer and quite often will sell you mailing lists to send the literature to. You are charged a few dollars for the packet together with simple instructions. If the product or service is as represented and a reasonable commission is forthcoming for your efforts there is nothing illegal about it. If you are promised things that are not "delivered" or the start-up packet is just a come-on to entice you to get deeper and deeper into a costly program before you can expect the originally promised results then you have probably found the illegal operation.

Often "envelope stuffing" ad offers make it appear that you will receive all the envelopes and stamps, along with

the mailing materials and name list without cost, in effect working for them as a mailing service. Then after you have paid the \$5 or \$10 dollars for their packet, you receive a small pamphlet explaining how to set up a local mailing service for the various retailers, etc., in your community. This sort of activity, of course, is misrepresentation. The promoter actually has nothing of value for you at all. He is just selling a cheap instruction pamphlet that cost only a few cents each when gets them printed in quantity.

There are hundreds of other kinds of envelope stuffing programs. Many of them are fraudulent. Many more are good honest programs. One must look before they leap, or at least test before they jump in over their head.

Low Price Offers:

A ridiculously low price is often the bait used by those who do not intend to furnish the goods ordered through the mail. If you get an offer to purchase an item for \$10.00 that usually sales in the local hardware store for \$75.00, there's got to be something wrong. Either the merchandise is stolen, inferior or it won't be delivered.

Insurance Fraud:

Drivers who have a bad accident, or their driving record is not so good, may not be able to purchase auto liability insurance from the regular insurance companies.

Fraudulent insurance companies compile name lists of likely prospects, make mail solicitations, etc., and will write insurance policies for anyone who will hand over a premium. The reserve funds they are required to set aside for payment of claims are manipulated into the promoters' pockets, while they pay only minor claims and hold up larger claims as long as possible until their insurance company goes into bankruptcy. This leaves many unable to collect legitimate claims. Thousands more finally discover that they have been paying high rate premiums with no protection from liability. Best bet, purchase your insurance locally or check out the mail order company with your state insurance department.

Retirement homes:

What a terrible pity. The little 80 year old lady who had just lost her husband a year ago, and 160 other retired residents of "Sunrise Manor", just lost their investment and perhaps their final home. Sunrise Manor was a beautiful set up; separate little apartments condominium style with wide carpeted hallways leading to the dining room, game rooms, health care center, etc. The grounds were immaculate, with green grass, trees and beautiful flowers.

They had been solicited through the mail with glowing information about the Manor. It was all true. A really good deal for the retired person. The initial fee for those who first signed up for a small room was \$18,000 cash. Larger quarters ranged from \$30,000 to \$60,000. This initial fee was to be placed in a trust account, the interest to be used for capital outlay requirements and most of the principal was to go to the heirs upon the death of the tenants. Monthly rent was nominal and included meals and limited medical care in the health care center, which was built in part of the Manor. It was so attractive from a personal and financial aspect that there was always a waiting list of qualified persons who wanted to make their home in the Manor.

What happened? Apparently only the management knows as of this writing, but an enormous amount of funds are missing and overnight the manor was placed into bankruptcy. The court appointed trustee is trying to put the pieces together while the prosecuting attorney is investigating the activities of the owner-management team. It appears the tenants' \$18,000 to \$60,000 investment is long gone. Apparently it was not retained in a proper trust account, a great deal of it was used for other than company business, and being set up within the capital structure of the organization whatever may remain, or be recovered, is subject to an enormous amount of creditors claims.

When you receive unordered merchandise through the mail: Most people feel obligated to pay for small inexpensive items received through the mail, even though they did not order it. If this happens to you, and you have not yet opened the package merely write "Return to Sender" and let the post office take it from there. If you have taken it out of the package and it is something you have no use for it is a good idea to keep it for a reasonable period of time and see if the party sending it makes claim to it or bills you for it. If they claim it, you may wish to be courteous and send it back C.O.D. If they bill you, you really have no obligation to pay for it. You may want to consider it as an unconditional gift.

Pressure your neighbor:

You will get yours free from the commissions you make from selling the product to your neighbors. So you give the canned sales pitch to your friend and rather than have you think he's a cornball, he purchases the product. He again repeats the process with his relatives, etc., and you get a cut from what they sell. And so it goes, down the line for 3 to 5 multi-level commission earning stages. When the product is delivered, it's not what it was represented to

be and you find that you could have bought it from the super-drug store at half the price. You are mad, your neighbors want to kill you and the money-making multi-level dream comes to a screeching halt. All because of the "wonderful new product" advertised in the morning mail.

Consolidate your debts:

You've gotten yourself in over your head and now there is no way you can meet all your monthly payments for your home, auto, appliances, credit card charges, etc. The ad states; "Make it easy on yourself. Just pay us one payment each month, small enough so that you can handle it, and we will arrange with your creditors to pay them off." That sounds good. Get the creditors off your back. But later you realize the monthly payments you are making to the consolidator go on practically forever. After adding commissions, fees and interest you don't gain on the principal amount you are trying to liquidate. Read the large and small print.

Home improvement contract:

Look over that contract with a magnifying glass. Check with local contractors and get bids from them to see if the mailorder offer is in line. Dishonest promoters of this scam look for people who are hard pressed for money but who have a small equity in their home. For exorbitant monthly payments they offer to make improvements or additions to the home and loan the owner a few hundred dollars for their "increased" equity. The value of the improvements are generally only a small percent of the total amount charged.

Charity and contributions:

They just keep coming. The "Junk Mail" asking you to donate to worthy causes. To feed small children who are starving in Africa. To help the senator or congressman to fight for a cause. To stop the experimental use of animals. To help find a cure for human ills. To give money to the communists so they can "fight against freedom", and to the freedom fighters so they can fight communism.

Which ones are legitimate and merit your full support. Which ones are operated by swindlers? Who knows? The government gets into the act by cutting down the amount of legitimate contributions you can deduct from your income tax, and some TV ministries are going to hell unless they get \$10,000,000 by the end of the month, or unless their top officers can draw over a million dollars a year and live in 2 million dollar mansions. The only way you can

know where your money is really going is to stick with the organizations you are 100% familiar with. Check with the Chamber of Commerce and The Better Business Bureau, or if you are planning on donating substantial amounts analyze the organization's financial statements. Also review how it will affect your tax status.

Work at home propositions:

There are a number of good work at home programs, but there seems to be more of them that are losers.

Everything from selling books through the mail or setting up a local secretarial service to sewing baby clothes.

There is always an advance fee of some kind required for work at home projects. Some of them are good producers if a person stays with it long enough. Others work at it for months, hoping to break the 75¢ per hour barrier. You better think twice before paying for the chance to work at home.

Medical Fraud:

Medical quacks preying on the ill, offering cures or medications through the mail are gambling with their freedom. Medical fraud is one of the major priorities on the list of the Postal service investigator and the fraudulent quacks are generally put out of business before they can do any real damage. However, there are many programs; such as reducing diets, certain vitamin pills, hair restorers, and hundreds of "cure all" drugs making the rounds in the mail across the country every day. Most of the products offered are a bad substitute for the real thing you could get through your doctor or from the local drug store.

Even if the promoter is not convicted or fined, the Postal Service can deny him the right to receive remittances through the mail if it is determined that false representations have been made.

Also, unless you watch your medical and hospital bills with a microscope you can expect to get invoiced for hundreds to thousands of dollars from various labs around the country where they say your blood was sent for tests; tests you didn't authorize or didn't even know existed.

In fact, it usually doesn't do any good to use your "microscope". Unless the hospital gets \$4,000 out of you for a four day stay, they apparently will go bankrupt.

Are you Heir to a Fortune?

If you receive fancy looking legal documents offering to provide information which could help establish a claim to an estate left by long lost, or deceased relative, worth several million dollars, forget it. Save your \$10.00.

You will receive the information but it is just worthless paper telling you how to go about locating missing relatives or heirs.

Fake contests:

Wow again! You get them in the mail every day. "You have won". "No purchase required". All you have to do is fill out the contest form, order the gadget if you wish, and send the order form along with your money! Etc., Etc. As long as you enjoy junk mail, want to waste a few stamps and get a thrill out of wanting to see if you have won anything, there is generally no real damage done even though most of the "come-on gimmicks" are deceptive and often 100% misrepresentations.

Correspondence courses:

The promise of a good job or a money making business of your own is usually the lure of fake correspondence schools. They "guarantee" that a job will be available when you complete the course. They will accept anyone who will sign a contract making them liable for several hundred dollars, usually paying on a monthly basis as they proceed through the course. There are always a few correspondence schools, promoted and handled through the mail, that have completely worthless programs. You could probably learn better, and much more economically by checking in at your local library and searching out the hundreds of How-to-do it books on just about every subject.

Other Areas Subject to Mail Order Fraud:

Advance Fees:

Inducing persons to pay fees in advance for products or services to be delivered at a future date then never making delivery or refunding the fees.

Check Kiting:

Most people are not aware that it is illegal to use several bank accounts in different banks across the country to build up large apparent balances in one or more of the accounts through "outstanding checks", transfers, etc., for the purpose of using money without interest or siphoning funds from the inflated bank accounts. In this age of computers, check kiting is rapidly going down the tube.

Sending unordered parcels C.O.D.:

It is fraud to send parcels C.O.D., containing items not ordered by the recipient if the value is considerably below the C.O.D. price.

Credit cards:

Use of any credit card without intent to pay is fraud, whether they are obtained by fraudulent application, stolen from the owners, or used by the owner.

False solicitations:

Soliciting anyone to enter into a contract for anything, when misrepresentation is involved, the quality of the work performed as compared to that offered is inferior, or failure to perform, can constitute fraud.

Good Luck:

Promising good fortune and blessings through donations to "religious" promoters is a scam that is usually perpetrated through the mails on superstitious or uneducated people.

Other Rip-offs to watch for:

Schemes to collect non-existent delinquent debts. Victims receive notice of alleged past due accounts or inquiries through official looking documents requesting pertinent information. The information is then used against the victim in different ways in order to "get his money".

Endless referral plans whereby it is represented that the item will cost a person nothing because by referring other people to the seller they can earn enough commissions to pay the full cost of the purchase.

Accepting another's capital for investment in a business opportunity then converting the capital to their own use.

Submitting false or fictitious claims to insurance companies, such as staging fake auto accidents, or fraudulent claims for sickness, accident or hospitalization, which results in getting benefits far in excess of actual cost.

Offering job information for a fee whereby there is misrepresentations about the jobs available, the amount of salary paid, experience required, etc.

Loans offered under any number of false and fraudulent representations.

Swindles involving clubs that carry on romantic correspondence with members of the opposite sex and through misrepresentations and promises to obtain money or property.

When you are dealing in products that are aimed at the elderly market, regardless of how good they are; whether a book on retirement, medical products, or just about

anything else, you are suspect by the Postal Service.

Sale of memberships in a buyers discount club whereby it is represented that members will save large sums of money by being a member and whereby savings are non-existent or remote.

How to create work records, diplomas, degrees!

Although this idea has been in circulation for many years, it is fraudulent in most instances. The publisher strongly advises you to check with your attorney before trying this plan.

The basic idea consists of visiting a college library and checking the yearbooks for someone with a surname the same as yours. Then you write to the university and request a copy of "YOUR" degree which you state has been lost, stolen, or whatever, being sure to give the graduation date. With this you can make a resume' fit for a king.

For work records, you simply create or use names of your former employers...Those firms which have since gone out of business. For the last or current employer, you again create a company which could be the number and address of a friend who will back up your employment checks with "glowing" testimonials on your fine abilities.

If a person does pursue this type of activity, I'm reasonably certain if the judge doesn't catch up with them within a short time the computers will.

How to vanish and start over again under a new identity!

Many people change their identity each year for a variety of reasons, some times legal, sometimes for illegal reasons. The publisher believes that in most cases the method described here is illegal and does not in any way advise the reader to pursue this practice. However, this is the way it is done:

The idea is to obtain a "birth certificate" of a deceased individual who would have been your approximate age, hair color, eye color, etc., had they lived. Preferably, this should be the name of a child, not an infant, at least one year of age at the time of death and no later than 5 years old if possible.

Search through the death records at you County or State Offices. These records will tell you the name of the parents and other information which is needed to apply for (your lost) birth certificate. Once you obtain the birth

certificate, you can obtain any other "official" documents almost at will.

When you have filed an application for a social security number and established a few credit cards and a drivers license, you are a "new" person.

Remember though, there is no easy way to change your fingerprints nor your basic personality traits. From the time you change identity you will have to watch every move you make or your identity will be discovered by someone, some place down the line.

It is usually better to face your problems, whatever they may be, and solve them by being "yourself".

Now a few words of advice:

Regardless of all the "Rip-off Artists" and the fraudulent activity sometimes associated with the mailorder method of doing business, please remember that there are "rotten apples" in just about every barrel. Mail order is no exception. However with proper knowledge, testing, and good judgment, most phases of the mailorder business can be very productive & profitable!