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Scam Alert – Free Trial Offers – Friend or Foe?

by Stacie Harris, Economic Crimes Unit

History has been that merchants offer products, or a service for sale, and then the consumer would purchase it. In today's world, merchants tend to offer "freebies" with purchase, also known as Negative Option Marketing.

Negative Option Marketing turns the transaction around and the consumer basically ends up with things they never intended to purchase. Instead of the merchant having to sell you a product or service, it starts with the assumption that you've already bought it. It's up to you, the consumer, to contact the merchant and cancel the order if you no longer want to complete the transaction. There are different types of negative option marketing plans: 1) prenotification 2) free trial offers 3) continuity plans/automatic renewals (recurring charges for merchandise and/or services).

Companies will offer as a part of an incentive "free samples" or "free trial offers" without disclosing to the consumer that they will be billed for additional products or services, unless they exercise the negative option.

Book and record clubs were the early pioneers of this type of marketing. This has expanded to website design services, dietary supplements, weight loss products, and magazine subscriptions. Today, people selling magazine subscriptions are the big time users of the negative option marketing practice.

Elaine Kolish of the FTC, states that State/ Federal governments have rules in place that are designed to protect consumers from inadvertently committing purchases through negative option pitch. Unfortunately, they haven't been well publicized, so consumers continue to be victimized.

Pitfalls to these type of purchases more than likely include long term, or more expensive, negative option transaction taking place. Best option is just say "NO". If you choose to say yes, be sure to read the fine print and understand what you are agreeing to.

If a negative pitch results in an unauthorized charge to you, remember, you must have given informed consent for a sale to be considered legitimate. The marketer has to prove the authorization, not the consumer. Many companies try to make complaining so frustrating that you'll just eventually give up and pay the charge. To resolve the issue, the consumer should call the credit card company to which the item was billed, not the business that placed the unauthorized charge and let them know the charge was unauthorized. The credit card company will have you complete a form and return it to them to fight the battle for you. The consumer should also file a complaint with www.consumeraffairs.com and other appropriate agencies, such as the Better Business Bureau.

IDENTIFY A SCAM BEFORE A SCAM IDENTIFIES YOU! 7/07