

A.G.Schneiderman Urges FTC To Update Telemarketing Sales Rule To Protect Consumers

Schneiderman: New Yorkers Deserve To Know How Their Hard-Earned Donations Are Spent
NEW YORK—Attorney General Eric T. Schneiderman today called upon the Federal Trade Commission to update the Telemarketing Sales Rule in order to reflect realities of today’s marketplace and better protect consumers from unscrupulous telemarketers.

In a letter, co-sponsored by the Florida and Pennsylvania attorneys general, and joined by 36 other attorneys general, Attorney General Schneiderman asked the FTC to update the Telemarketing Sales Rule to [further protect](#) consumers from the continued prevalence of telemarketing fraud and abuse. As detailed in Attorney General Schneiderman’s most recent [“Pennies for Charity”](#) report, for-profit telemarketers often retain a very high percentage of charitable donations they raise from the public. In 2012, an average of only 37.5% of funds raised by telemarketers were retained by the charities. In 50.3% of the campaigns, the charities retained less than 30% of the funds raised, or the expenses exceeded contributions. Since that report, the Attorney General has taken action against eight entities under investigation for fraudulent fundraising.

“Those who open their hearts and wallets deserve to know how their hard-earned dollars are being spent and how much of their money is going to pay telemarketers’ salaries and costs,” **Attorney General Schneiderman** said. “The FTC’s rules must contain protections for consumers that reflect the most abusive and common types of fraud and abuse. New Yorkers, and donors across the nation, must be able to know how much they give is going to charity, and how much remains in the pockets of fundraisers.”

The attorneys general support the existing Telemarketing Sales Rule but contend that the following are areas of concern:

- An increase in the number of fraud complaints from consumers who are contacted by telephone;

- The pervasiveness of general media solicitations and advertisements that have resulted in the growth of inbound telemarketing;

- The use of certain payment methods that allow retrieval of funds with little meaningful scrutiny of the recipient’s identity; and

- The pervasiveness of preacquired account marketing.

Telemarketing and its abuses occur when consumers are engaged in phone calls with businesses in the privacy of their homes or on their personal cellular telephones. State attorneys general are on the forefront in fielding consumer complaints, investigating, and taking legal actions against those who prey on victims using telemarketing and negative option scams. According to recent statistics by the FTC, more than 3.7 million telemarketing complaints were filed with the Commission. Telemarketing complaints also rank among the top five complaint categories received from citizens in many states.

The states and territories that signed today's letter are: Alaska, Arizona, Arkansas, Colorado, Delaware, District of Columbia, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Northern Mariana Islands, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Utah, Vermont, and Washington.

Schneiderman also issued the following tips when making donations via phone solicitation:

Resist Pressure To Give On The Spot. If you receive a call from a telemarketer, do not feel pressured to give over the phone. You can ask to receive information about the cause and a solicitation by mail.

Ask The Telemarketer. Ask the caller what programs are conducted by the charity, how much of your donation will be used for charitable programs, how much the telemarketer is being paid and how much of your donation the charity is guaranteed.

Ask How Your Donation Will Be Used. Ask specifically how the charity plans to use your donation, including the services and organizations your donation will support. Avoid charities that make emotional appeals and are vague in answering your questions. Be wary if an organization will not provide written information about its charitable programs and finances upon request. Any legitimate organization will be glad to send you this information.

Look Up Charities. Review information about the charity before you give. The Attorney General's interactive website allows potential donors to easily search the "Pennies for Charity" report by the name of the charity or by region in New York State. (A link to the search tool can be found on the Attorney General's charities website at www.charitiesnys.com.) Users can also see how much money was raised by a professional fundraiser and how much money actually went to each charitable organization. Also confirm that the charity is eligible to receive tax-deductible donations by searching the IRS website at www.irs.gov.

Give To Established Charities. Donate to organizations you are familiar with or ones with a verifiable record of success in meeting their charitable missions. Closely examine charities with names similar to more established organizations.

Never Give Cash. It's best to give your contribution by check made payable directly to the charity. This is safer than giving by credit or debit card and far safer than sending cash. Be careful about disclosing personal or financial information; never give out such information to an organization or individual you don't know.

Report Suspicious Organizations. If you believe an organization is misrepresenting its work, or that a scam is taking place, please contact the Attorney General's Charities Bureau at charities.bureau@ag.ny.gov or (212) 416 8401.