

# A Legal Scam

*by*

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When Trump became president, among his first actions was to establish DOGE (Department of Government Efficiency) with the goal of ferreting out wasteful and inappropriate spending/use of your tax dollars. This goal also included identifying individuals, along with government agencies (state and federal) committing fraud.

Much to the angst of Democrats, actual government reform started taking place in spite of their actions to block or forestall reform efforts. Thanks to DOGE, Americans were awakened to how taxpayer dollars were being used. As we will see, this became important as ICE (Immigration and Customs Enforcement) operations took place in Minnesota and California.

As illegal immigrants were being arrested, DOJ and Homeland Security, along with individuals started investigating the financial connections that illegal immigrants had. These investigations quickly expanded as state and local corruption and fraudulent financial schemes were exposed.

In 1955, the DOJ established the “Fraud Section” to combat housing and procurement fraud. Since then, the Section has expanded its investigation and prosecution of large-scale fraud throughout various economic and commercial sectors. Recently DOJ underwent some reorganization and under Trump’s direction established DOJ’s Division for National Fraud Enforcement.

While the light has been shining on large-scale fraud related to abuse of taxpayer money, silence has surrounded a very visible, but neglected, scheme that has bilked millions from everyday Americans. You have seen this scheme on television, read it in your mail, and observed it on the internet. And yet, nothing has been done to curb it.

At this point I should point out that people use the terms “fraud” and “scam” to refer to any kind of financial wrongdoing. Legally there is a difference between the two terms. Fraud is a “broad-scale” term that encompasses a variety of crimes. Scams, on the other hand, is a subset of fraud. Regardless, the results of all fraud, including scams, is to deprive people of their money.

## **So, how can this be legal?**

The simple answer lies in the “fine print” of any financial transaction. Let’s take, for example, a company that sells a weight loss product. The company advertises on television or in a magazine that you can get the product (if you act now) for a reduced cost of \$39.99. There is often a money-back guarantee if you are not satisfied with the product. The consumer calls the number on the screen or goes to the website and orders the product. The catch is that you have subscribed to a purchasing program. The company will quickly gloss over the program and its requirements, and will mention that if you are not satisfied with the product you may cancel within a specified number of days. This is usually 30-60 days.

The first catch to this fraud/scam is that you are automatically subscribed. Remember, they now have your credit card information.

The second catch is the cancellation date. They never give an actual date. If you want to cancel you need to know if the 30 days, or whatever the number is, is based on the order date or on the arrival date. Consider this, most times it is the order date. The product generally ships in 1-2 weeks and takes time to arrive at your home. Consequently, you probably have less than 14 days left to determine if you want to unsubscribe or continue with the order.

By the time you make your decision, the company has already charged your credit card account for another month’s supply. Because of the fine print you cannot claim that the charge is unauthorized and have it removed. You are stuck with at least one monthly charge and then you have to unsubscribe or block any future payments to the company.

Now that you have decided to unsubscribe, you now face one or several uphill battles to unsubscribe. Since you probably do not have any notes when you placed your order for the product, you will probably go to your credit card statement to determine who you ordered from. If lucky, the company’s phone number or email address will be on the statement. If not, then you may start Googling the company’s name. their contact information. Now the third catch kicks in.

Many of these companies operating subscriber programs use a third-party billing company. More than likely this is the name that appears on your credit card statement. Often times when you find the company in your Google search and go to its website, you will not find any contact information. There may be an unsubscribe link on the website and if you go to it, you will probably be asked for your email address only.

And now, the fourth catch. You enter your email address, press submit, and get a response that your account does not exist. The reason why your does not exist is because the company is only interested in your credit card information – number, expiration date, security code, and name.

Your frustration level goes way high as does your anger. You double down and spend more time trying to find contact information. Now, remember that 30 days to unsubscribe? Well, that is long past and you are entering the second billing cycle.

So now you may go and try to find the product manufacturer that is on the product label. You talk to their customer service, only to find out that they bulk sold the product to another company that advertised the product for sale and ran the subscription program. It is nearly impossible to try and get the manufacturer to tell you who that company is. “Customer Confidentiality” is the typical excuse. A fifth catch and another dead-end.

Keep in mind that, almost all of these subscription programs are legal because of the “fine print.” The programs rely on human nature to procrastinate and to forget the 30-day unsubscribe date, and then try to unsubscribe, during the second or third billing cycle, through a deliberately difficult process. Additionally, these programs and their sponsoring companies, never send you a warning letter that the unsubscribe date is approaching, nor do they send an invoice for the pending charge.

At the very least, the lack of customer concern is morally despicable. The bottom line is that these programs and their supporting companies are only concerned about making a profit through quasi-legal, gray area, law.

### **What can I do?**

The first step is to contact your credit card company and put a stop on the automatic payments to these programs. You will need a billing statement for the company’s name.

If this is all you do, you are being selfish. You need to make others aware of these “legal” scams. Additionally, contact your state consumer affairs office and the following federal agencies, demanding that they create laws and regulations that put an end to this thievery and protect Americans.

- Federal Trade Commission (FTC)
- Consumer Financial Protection Bureau (CFPB)
- Federal Communications Commission (FCC)
- Food and Drug Administration (FDA)

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