

SPEECH BY:

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HIGH POINT, N. C.  
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*Remainder of  
speech, further  
back - Given  
earlier*

## ORGANIZED CRIME IN NORTH CAROLINA

I WANT TO EXPRESS TO YOU MY SINCERE APPRECIATION FOR THE OPPORTUNITY TO COME AND BE WITH YOU TODAY. I WOULD LIKE TO USE THIS OCCASION TO TALK BRIEFLY ABOUT A PROBLEM THAT IS BECOMING OF INCREASING IMPORTANCE TO EVERY CONCERNED CITIZEN IN OUR NATION: THAT OF ORGANIZED CRIME.

WE KNOW TODAY THAT ORGANIZED CRIME EXISTS IN THIS COUNTRY. THIS EXISTENCE AND THE GREAT DANGERS WHICH ORGANIZED CRIME PRESENTS TO THIS COUNTRY, HAVE BEEN RECOGNIZED NOT ONLY BY LAW ENFORCEMENT OFFICIALS BUT ALSO BY THE PRESIDENT, THE CONGRESS, AND NATIONAL BUSINESS AND CIVIC GROUPS SUCH AS THE UNITED STATES CHAMBER OF COMMERCE. IN THIS STATE, THE ATTORNEY GENERAL'S OFFICE IS PARTICULARLY CONCERNED ABOUT THIS PROBLEM PRIMARILY FOR TWO REASONS.

FIRST, WE KNOW WHAT CAN HAPPEN IF ORGANIZED CRIME IS ALLOWED TO GAIN A FOOTHOLD IN A COMMUNITY FOR IT IS ONLY A MATTER OF TIME BEFORE THE MOB STARTS CONTROLLING THE WHOLE COMMUNITY, INCLUDING EVERY CITY HALL. THEREFORE, WE FEEL LIKE WE MUST

REMARKS BY:

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ADVERTISING CLUB OF CHARLOTTE  
CHARLOTTE, N.C.  
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THE WHO, WHERE, WHAT, WHY AND HOW OF DECEPTIVE ADVERTISING

I. WHO ARE THE TARGETS?

EVERYONE FROM THE TODDLER TO THE GOLDEN AGER

MERCHANDISING APPROACH-HOW TO HAVE FUN

--TODDLERS-PRIMARILY TELEVISION AND TOYS

--ELEMENTARY SCHOOLERS

APPROACH: HOW TO BE POPULAR

TOYS AND FOOD

VITAMINS AND ASPIRIN--(PROMOTED AS CANDY FOR THE SAKE  
OF MERCHANDISING WHEN INGESTION OF LARGE QUANTITIES CAN AND  
DOES KILL COUNTLESS CHILDREN EACH YEAR)

--JUNIOR HIGH

APPROACH: HOW TO HAVE SEX APPEAL

SEX APPEAL APPROACH USED IN EVERYTHING FROM TOOTHPASTE  
TO SOFT DRINKS;

THEN RECORD CLUBS, ELECTRONIC EQUIPMENT, MINIBIKES

--HIGH SCHOOL

APPROACH: HOW TO APPEAR SOPHISTICATED;

COSMETICS, SHOES, ALCOHOLIC BEVERAGES, SPORTS GEAR;

CONTINUING EDUCATION

--YOUNG ADULTS

APPROACH: HOW TO WEAR THE LOOK OF SUCCESS

THE STATUS SYMBOLS; CARS, HOMES; EVEN DETERGENTS,  
CLOTHES; LABOR SAVERS

--MIDDLE AGE

APPROACH: ADVANCED STATUS SYMBOLS AND SEX APPEAL:  
TOOTH PASTE AND SOFT DRINKS, CLOTHES

HOW TO LOOK AND FEEL YOUNG (NOTICE SIMILARITY IN JR. HIGH  
AND MIDDLE AGE)

--ELDERLY

APPROACH: HOW TO COPE WITH PROBLEMS ASSOCIATED WITH OLD  
AGE AND HOW TO DO IT ON A FIXED INCOME.

HEARING AIDS

HEALTH INSURANCE

CURE-ALL MEDICINES

II. WHERE DOES ADVERTISING APPEAR? EVERYWHERE

NO ONE IS EXEMPT.

IT COMES TO THE HOME VIA NEWSPAPERS, TELEVISION, RADIO.,  
THROUGH DOOR-TO-DOOR SALESMEN...HOME TRIAL OFFERS.

IT COMES TO THE OFFICE OR FACTORY THROUGH BUDGET-ORIENTED  
CO-WORKERS.

IN THE CAR VIA RADIO, BILLBOARDS, WRITTEN ON TRUCKS AND  
CARS; AND ON SIGNS OUTSIDE THE COMPANIES; IN THE SKY FROM A  
STREAMER ON AN AIRPLANE.

DO-IT-YOURSELF = JOB APPLICANTS- DO PROMOTIONS TO GET THE  
JOB, TO GET AHEAD

III. WHAT? EVERYTHING.

NO MANUFACTURER, BUSINESS OR SERVICE COMPANY CAN RELY

SOLELY ON ITS RECORD OF ACCOMPLISHMENTS TO ATTRACT CUSTOMERS. THE PROOF POSITIVE OF ADVERTISING EFFECTIVENESS IS THAT NOW DIFFERENT FORMS OF THE MEDIA ARE DOING CROSS-ADVERTISING. RADIO STATIONS ADVERTISE ON TELEVISION; TELEVISION STATIONS ARE PROMOTING PERSONALITIES AND SHOWS IN NEWSPAPERS AND ON BILLBOARDS; AND NEWSPAPERS ARE GOING TO RADIO TO PLUG SPECIAL FEATURES.

#### IV. WHY? COMPETITION

A-PUBLIC IS DEMANDING ACCOUNTABILITY. CONSUMERS WANT TO KNOW MORE ABOUT WHAT TO EXPECT IN THE WAY OF EXCELLENCE OF SERVICES AND PRODUCT PERFORMANCE, DURABILITY, ETC.

BUT THIS CAN LEAD TO BORDER-LINE REPRESENTATIONS, THEN TO THE "OVER-SELL" OR PROMOTION-MANIA; AND FINALLY TO CLEARLY DECEPTIVE ADVERTISING.

MISLEADING ADVERTISING CAN ALIENATE THOUSANDS OF CONSUMERS AND DO IRREPARABLE DAMAGE TO THE BUSINESSES RESPONSIBLE.

BUSINESS IS LARGELY RESPONSIBLE BECAUSE THE ADVERTISER WORKS WITH THE MATERIAL AND FACTS SUPPLIED BY THE CLIENT.

THEN THERE ARE PROMOTERS WHO CHANNEL TALENT AND IMAGINATION EXCLUSIVELY TO DECEPTIVE ADVERTISING. THESE FEW HAVE, IN MANY CASES, TAINTED THE INDUSTRY.

#### V. HOW DOES THE THOUGHTFUL PERSON FALL PREY TO DECEPTIVE ADVERTISING?

1-BAIT AND SWITCH--WHERE AN APPLIANCE IS ADVERTISED ALTHOUGH NONE OF THAT MODEL IS IN STOCK. THE SALESMAN IS INSTRUCTED TO DIRECT CONSUMERS RESPONDING TO THE ADVERTISING TO HIGHER-PRICED

OR SLOWER-MOVING APPLIANCES.

2-UNORDERED MERCHANDISE--THE COMPANY SENDS A BOOK, THEN ANOTHER. IF THE RECIPIENT DOES NOT RETURN THE BOOK, HE GETS A BILL. IF HE DOESN'T PAY, HE MAY BE THREATENED WITH DAMAGE TO HIS CREDIT RATING OR LEGAL ACTION.

3-THE "CATCH"--WHERE THE CAR REPAIR COMPANY ADVERTISES A \$29.95 TRANSMISSION JOB AND WHEN THE CUSTOMER RETURNS FOR HIS CAR, HE FINDS THAT UNAUTHORIZED REPAIRS HAVE BEEN MADE. THE COMPANY REFUSES TO RELEASE THE CAR UNTIL THE FULL BILL IS PAID ALTHOUGH IT MAY BE FOUR TIMES THE ADVERTISED PRICE.

4-THE "HIDDEN CHARGE"--THIS OCCURS WHEN A PRICE IS ADVERTISED BUT EXTRA COSTS ARE ADDED AFTER THE SALE. THIS HAPPENS IN NORTH CAROLINA WITH WHAT IS CALLED THE "DOCUMENTARY FEE" BY CAR DEALERS. THE FEE IS SAID TO COVER THE EXPENSE OF TRANSFERRING THE TITLE TO THE NEW OWNER. THE AMOUNT MAY VARY FROM \$10.00 TO \$40.00. THE STATE CHARGES \$2.00 TO TRANSFER A TITLE.

PROBLEMS WITH DECEPTIVE ADVERTISING ARE CERTAINLY NOT PECULIAR TO NORTH CAROLINA.

IOWA--SUIT RECENTLY FILED AGAINST A COMPANY FOR ADVERTISING MERCHANDISE IT DIDN'T HAVE.

NEW YORK-- NEWSPAPERS CLASSIFIED ADS WERE STACKED WITH LOW-COST APARTMENTS FOR RENT. THIS WAS BEING DONE BY REAL ESTATE MEN TO ATTRACT CLIENTS.

WISCONSIN-- A COMPANY WAS PROMOTING A FRANCHISE OPPORTUNITY FOR PERSONS INTERESTED IN THE BABY FURNITURE BUSINESS. THE ATTORNEY GENERAL FILED SUIT TO STOP THE DEFENDENT FROM PUBLISHING

EXAGGERATED STATEMENTS REGARDING EARNING POTENTIAL. ALSO STOPPED THE COMPANY FROM PROVIDING FRANCHISES BY SCARE TACTIC MATERIALS WHICH INCLUDED PICTURES OF INFANTS' DEATHS DUE TO UNSAFE CHARACTERISTICS OF COMPETITORS' FURNITURE.

IN NORTH CAROLINA:

--TERM PAPERS ARE OFFERED FOR SALE EACH YEAR AS SCHOOLS OPEN. IT IS AGAINST THE LAW FOR A FIRM TO HELP A STUDENT GET ACADEMIC CREDIT FOR SOMETHING HE DID NOT DO.

--IN DURHAM-RESIDENTS WERE NOTIFIED THEY HAD WON STEREO CONSOLES. THE CATCH WAS THAT "WINNERS" HAD TO JOIN THE STORE'S RECORD CLUB AND PAY ELEVATED PRICES FOR RECORDS. THEREFORE, THE STEREO WAS NOT FREE AT ALL.

--AT WIYGUL-SANDERS FORD CO. IN RALEIGH-WE FILED A SUIT AGAINST AN AUTOMOBILE DEALERSHIP FOR ASSESSING DOCUMENTARY FEES.

--AT AUTO HAUS IN WINSTON-SALEM, WE ENJOINED A CAR REPAIR SHOP FROM PULLING CERTAIN PARTS FROM CARS, PAINTING THEM, THEN CHARGING FOR NEW ONES.

--ALL OVER THE STATE, HIGH SCHOOL SENIORS IN RURAL AREAS ARE WOOED BY TRADE SCHOOL PROMOTERS THROUGH LETTERS, MAGAZINE AND NEWSPAPER ADS. THESE TEENAGERS SOMETIMES SIGN CONTRACTS OBLIGATING THEMSELVES TO HUNDREDS OF DOLLARS BECAUSE OF THE ATTRACTIVE, BUT MISLEADING, SALES PITCHES.

--WE FILE COUNTLESS ACTIONS AGAINST BUSINESSES. IN NEARLY EVERY CASE, DECEPTIVE ADVERTISING WAS A KEY FACTOR.

RECOMMENDATIONS:

IN NOVEMBER, 1970, A SURVEY WAS TAKEN OF BUSINESS

EXECUTIVES TO TEST THE WATERS OF HONESTY IN ADVERTISING. THE RESULT WAS THAT THESE LEADERS IN COMMERCE ASSERTED THAT ADVERTISING IS DECEPTIVE, MISLEADING OR DISHONEST, OR ALL THREE.

THIS SURVEY WAS NOT DONE BY OUR OFFICE OR BY BUSINESS, BUT BY YOU--THE LEADERS IN THE ADVERTISING INDUSTRY IN NORTH CAROLINA.

SO YOU NOT ONLY RECOGNIZE THE PROBLEMS, BUT ARE WORKING TO PINPOINT THE SOURCE.

SELF-REGULATIONS AND SYSTEMATIC REVIEW IS GOOD FOR ANY AGENCY.

MORE IMPORTANTLY, IT REDUCES OR ELIMINATES THE NEED FOR GOVERNMENT INVOLVEMENT. THE PUBLIC WILL DEMAND ACCOUNTABILITY AS LONG AS TRUTH IS TREATED AS A LUXURY.

ADVERTISERS CAN SCREEN CLIENTS OR SEEK CLAIM SUBSTANTIATION BEFORE ACCEPTING ACCOUNTS.

WE ENCOURAGE YOU TO ADVERTISE YOUR SERVICES THIS WAY= THAT YOU'LL DEAL ONLY IN FACTS.