

Fraud of the Month - 10/06 - Liquidation Sales

The Latest Scams Circulating the Consumer World.Â Be warned.Â Be informed.
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Liquidation Sales

Everyone loves a great deal. Itâ€™s hard to ignore the word SALE, especially when it is a Going-out-of-Business or a Liquidation sale. The words just scream that there might be something great inside, itâ€™s going fast, and it will never be back. Read on to find out why the next time you see a Liquidation Sale you should proceed with caution.

Probably 95 to 99 percent of all oriental rug liquidations are scams, says James Ffrench, a rug appraiser on TVâ€™s Antiques Roadshow.Â Wow! Who would have known? If you donâ€™t read another line, you are already an empowered consumer.

Liquidation sales often offer steep discounts of 20 to 50 percent. Here are a few of the banners you might see hanging in their windows:

- Closing our doors forever
- Donâ€™t miss out
- Everything Must Go

The catch is that, you as the consumer, have no way of knowing what the original price was of the merchandise.

You might find merchandise that you love at a Liquidation Sale, Unfortunately, you could also end up with:

- Overpriced merchandise
- Inferior merchandise
- No warranty
- No way out

What the average consumer doesnâ€™t know about Liquidation Sales is that they are run by liquidation experts not mom and pop who own the store. Liquidation experts manage every aspect of the sale, including setting prices, running ads, and bringing in salespeople. These experts even bring in their own inventory to sale. At liquidation sales, all merchandise will read, As is or All sales are FinalÂ

You might wonder how stores can do this over and over again without anyone saying, Hey, havenâ€™t you already gone out of business 10 times?Â Some states and cities requires store to apply for a license, file a list of inventory, and limit the duration of the sale, but most do not.

Play It Safe

- Be especially cautious if the liquidation sales is for an electronics, jewelry, or carpet store.
- Check the Better Business Bureau to see if the company has received any complaints.
- Comparison shop to double-check that the prices are competitive.
- Pay with a credit card. Youâ€™ll have a better chance of getting a refund than if you pay with cash, check or debit card.

Source: â€œLiquidation sales: Not always a good deal,â€• Consumer Reports, June 2006.