

# Hearing aid company agrees to restrict its sales pitch

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SANTA CRUZ — A leading manufacturer of hearing aids has agreed to severely restrict its sales pitch to prospective customers following an out-of-court settlement reached this week in Santa Cruz County Superior Court.

The accord was struck by Beltone Electronics Corp. of Chicago, the state Department of Consumer Affairs and the District Attorney offices of Napa, Stanislaus and Marin counties.

Santa Cruz County Assistant District Attorney Don Gartner filed the original lawsuit in 1977 after receiving a complaint from Senior Citizens Legal Services attorney Jim Rumble.

In a letter dated April 5, 1975, Rumble outlined the case of 91-year-old Alma Dimock, a Santa Cruz resident who was approached by two Beltone salesmen in her home Oct. 10, 1974.

The letter said Mrs. Dimock paid the men \$400 in down payment for a Beltone hearing aid that was to cost \$900 total. She was told by the two men who worked out of a newly opened Santa Cruz dealership for Beltone products that she would receive her hearing aid within two weeks of purchase. It never arrived.

Gartner said the D.A.'s office was unable to prosecute the case because of the age of the woman and other evidentiary problems, but he said that kind of salesmanship was at the heart of the case.

"The lawsuit challenged Beltone's salesmanship. We looked at sales material, brochures and videotapes — all which we felt were aimed at getting people to buy Beltone products," said Gartner.

"The sales pitch included trying to keep people from seeing medical or audiologist specialists," he said.

But a spokesman for Beltone in Chicago told the Associated Press that the company merely agreed to settle a 5-year-old lawsuit which was based on out-dated sales manuals, adding that a trial would have been costly.

As it is, the company must pay \$87,500 in fines to the state and four counties. Santa Cruz County, which withdrew from litigating the case because Gartner felt his wife's employment as a hearing aid specialist created a

conflict of interest, will receive \$15,000 of that settlement.

Since the lawsuit was filed, Gartner said Beltone has closed down its Santa Cruz office.

State Department of Consumer Affairs Director Richard Spohn called the settlement "a major consumer victory and an exemplary corporate response."

The company essentially agreed to revamp its high-pressure sales techniques and eliminate misleading ads.

Of Beltone's statement that the company no longer uses those sales techniques which were objected to, Gartner said this:

"If Beltone is saying (the settlement) is based on sales tactics that were in use only at the time the case was filed, it would appear that Belton is still misleading the public, and it bodes ill of Beltone's future ability to comply with the court-ordered injunction."

And Rumble, attorney for Senior Citizens Legal Aid, said in the past year, he's received three new complaints from customers claiming Beltone salesmen were not complying with federal laws governing fair business practices.

Rumble said the complaints involved salesmen encouraging customers to skip a medical ear exam.

"You're not supposed to sell hearing aids without advising clients that it's in their best interest to see a doctor," said Rumble. "In the cases we've seen, they've glossed over this issue."

Gartner pointed out several sales promotions that were found objectionable and which Beltone will be prohibited from using in the future.

Among them were newspaper ads with headlines offering free hearing aid tests. The ads look like newspaper stories and fail to mention the words "purchase" or "buy."

Gartner said he has no objection to ads spelling out what a prospective customer is getting into, so long as the ads indicate that the hearing tests are designed to sell a particular product.

Also, Beltone's home salesmen will be required to uphold a three-day cooling-off period before sales become final.

Beltone will not be able to claim that its hearing aids will provide normal hearing, or imply that by not buying a hearing aid, a client will develop speech impediments.

Gartner termed the company's sales pitch "overbearing," and in the lawsuit it says the company shall refrain from using "intimidating" or "coercive" sales techniques.

According to Gartner, Beltone is the nation's largest maker of hearing aids and a leader in the world market.

He said he was pleased with the settlement because he hopes it will serve to "sensitize consumers to the fact that they don't have to buy hearing aids under pressure and hopefully will sensitize the manufacturers to the fact that ...they have to sell these items honestly."

As part of the settlement, Beltone dealers throughout the state will have to send a notice of cancellation to persons who purchased a hearing aid between May 1974 and May 1977.

The letter gives those customers the right to return their hearing aids.

**One woman paid two salesmen a \$400 down payment for a Beltone hearing aid that was to cost \$900 total. She was told she would receive her hearing aid within two weeks of purchase. It never arrived.**