

# Hearing aid firm ordered to mend its ways

By GUY LASNIER

attorneys fees.

When two salesmen sold two \$450 hearing aids to a 92-year-old Santa Cruz widow in 1974 they set off an investigation that culminated last week when Judge Richard McAdams signed a permanent injunction against the nation's largest hearing aid firm.

Beltone Electronics Corp., of Chicago, agreed in a compromise settlement with the State Department of Consumer Affairs to change its advertising and sales practices. The company also agreed to pay \$87,500 in civil penalties and

The case began in Santa Cruz in 1977 when Assistant District Attorney Don Gartner filed suit against Beltone, charging the company with "false and misleading advertising and high pressure sales tactics." Gartner said the suit also "challenged Beltone's national sales and marketing practices."

Gartner said last week that the penalties and fees imposed against Beltone were the smallest part of the judgment.

"What is most important," Gartner said, "are the strong provisions (in the settlement)

that make them disclose what they are doing. Beltone will have to inform people that if they respond to an ad they are going to get hit up by a salesman," Gartner said.

Beltone's attorney, James Madison, of San Francisco, said Beltone agreed to the settlement to "end the legal confrontation, to save legal expenses and get back to selling hearing aids." Madison said the firm did not admit any wrongdoing and added that many of the practices challenged in the suit were changed even before it was filed.

Beltone is a nation-

wide group of independent-dealer franchises that specializes in selling hearing aids in a person's home. The salesmen develop their leads from responses to newspaper ads. Beltone franchises are located in Monterey and San Jose. A Santa Cruz office closed shortly after Gartner filed suit.

Two kinds of Beltone advertisements were challenged in the suit. The ads were placed by local franchises but were based on a model provided by the national office. The ads, which looked like news stories, invited persons who suspected they might have some hear-

ing loss to send for a brochure or a free "non-operating model" of a hearing aid.

"Nowhere do they disclose that by responding to the ad a salesman will call on them," Gartner said. The company must include in any future ads words to the effect that a salesman will call.

Gartner challenged the firm's high pressure tactics set out in its national training manual. Salesmen were told to discourage customers from seeking medical advice by calling it "purchase avoidance" or "doctor-determined delay." The injunction requires Bel-

tone to stike the word- ing from its manuals.

The suit also charged that salesmen fail to comply with a three-day cooling off period required of door-to-door sales, and that they used coercive or intimidating tactics to sell the devices.

The injunction prohibits salesmen from telling consumers that with a hearing loss they may "lead a damaged life," that they may "develop speech problems," or be "excluded from family or social gatherings." Consumers must be told they can cancel a sale without penalty within three days.

"People should seek

professional help from an audiologist or a physician before they purchase a hearing aid," Gartner said. He said salesmen often tried to keep potential buyers from seeing a doctor by telling them it would cost too much and would delay them from getting a hearing aid. The implication, Gartner said, was that a person's hearing might deteriorate if he delayed.

Beltone continues to base its marketing on "lead generating advertising." A Beltone ad on page two of the Register Pajaronian on Sept. 7 offered hearing tests for

senior citizens for \$1. Gartner said the ad was better than the two over which he sued the company, but he said he still finds it objectionable. Gartner said persons taking the test will be visited by a salesman who "wouldn't leave until he sold a hearing aid."

Although he initiated the suit, Gartner dropped out in 1978 when his wife, an audiologist, went into private practice. The district attorneys of Marin, Napa and Stanislaus counties joined the suit at that time along with the State Department of Consumer Affairs.