

Mail-Order House of a Hundred Names

By MICHAEL deCOURCY HINDS

If you've ever been intrigued by an advertisement for a startlingly cheap watch, toy, perfume or pearl necklace, you may have been looking at the handiwork of Raffoler Ltd.

Not that you'd know. Raffoler, also known as Direct Marketing Enterprises Ltd., uses different business names for most of its 100 product lines. That practice has helped turn Raffoler into a \$200-million-a-year mail order powerhouse, with a trail of legal trouble decades long.

Raffoler, in Westbury, L.I., is one of the largest direct mail companies. It sends out 300 million advertisements a year and has more than 500 employees. Its owners, Stephen Brown and Jerry S. Williams, each received a salary of \$500,000 and had dividends of up to \$13 million, according to public documents filed in 1986.

Raffoler's success says a lot about the wide-open world of mail order, a \$50-billion-a-year business with a level of consumer complaints matched only by the car repair industry, according to Raymond L. Rhine, program coordinator for mail order at the Federal Trade Commission.

The F.T.C. enforces the only law written for the industry. Under it, companies must ship orders within 30 days, or any period stated in advertising. If not, customers must be notified and offered a refund. The industry is striving to improve its image, but Raffoler says that at its prices, it cannot afford to offer more service.

Raffoler imports very low-cost imitations of popular brand-name items from Asia in million-piece lots. Lavish advertising — \$88 million last year — promotes its low prices as part of a national publicity campaign. Products generally sell for under \$10.

Names as Advertising Copy

The name it uses most is Carter & Van Peel. It also does business as Abernathy & Closther, RBM, ADV, GHR, Trends-Action Marketing, National Historic Mint, Gem Collectors International, Chrystie & Sprynghe Ltd., Knox & Londonderry, Flexner & Kirby Ltd., A. M. Fisk Ltd., North American Minerals Ltd. and J. A. Bornschaft, to name a few.

To Raffoler, a business name is simply advertising copy. "We could call Carter & Van Peel perfumes John's Perfumes by Mail, but you want to position your product in the best way possible," said Mr. Williams, the chief executive.

The practice is legal, but raises red flags. "Their trade names have a ring to them of other well known, very reputable firms," said Rhonda Klein Singer, vice president and general counsel to the Better Business Bureau of Metropolitan New York. Fur-

ther, when problems arise, consumers discover that the names are not in telephone directories and may be unknown to consumer agencies.

Raffoler and its business names regularly appear on the bureau's list of most-complained-about companies. Ms. Klein said the company relies on the bureau and government agencies to fulfill its customer service obligation. It acts promptly on referred complaints without addressing underlying problems, she said.

"Would they deliver if we did not get involved, or would they continue to stonewall these complaints?" asked James E. Picken, commissioner of consumer affairs for Nassau County, where the company is based.

Richard Seader, a Manhattan theatrical producer, ordered a \$4.95

Raffoler, the parent, trails a cloud of lawsuits.

"laser" watch. His check was quickly cashed, but he did not receive the watch. The Better Business Bureau gave him a telephone number, but it was busy for weeks. He filed a complaint with the bureau and soon the watch arrived, but broken, he said, "with rust around the wrist band and case." Raffoler refunded Mr. Seader's money and shipped him another watch.

Neil J. Moritt, the company's lawyer and spokesman, said complaints are inevitable in the low-price mail order business. He estimated that 96 percent of Raffoler's orders are trouble-free. Based on it 15 million shipments a year, that would mean 600,000 problems. He blames the Postal Service for nondeliveries.

The industry has criticized the Postal Service for failing to deliver catalogues, but not parcels. "It's one thing for the post office to throw away catalogues, but they don't throw away or steal packages," said David Hochberg, a spokesman for Lillian Vernon, a New York company that sends 200,000 packages a year.

Raffoler's headquarters is a sprawling warehouse at 1200 Shames Drive in Westbury. The space is a warren of rooms for executive offices, an art department, customer service, computer programmers and operators. Incoming mail is stored in an area the size of a football field.

Each day the company receives 50,000 to 300,000 orders, sweepstakes entries, inquiries and complaints. To keep costs down, Raffoler hires only



The New York Times/Vic DeLucia

Raffoler stresses low prices, top, in advertisements of imitations of well-known brands. Its customer service department is at bottom.

enough workers to process mail and ship orders within its advertised deadline of eight weeks, the longest of any major company in the industry. Eighty percent of the packages are shipped parcel post, which can add two weeks to the delivery time.

Raffoler says it has 56 people in its customer service department, which receives more than a thousand letters and a hundred telephone calls a day. "We're trying constantly to do better in this market," Mr. Williams said, adding that improvements in service — even placing a company phone number in mailings — would force prices up. "It's unfair for people to say, 'Change markets.'"

The Direct Marketing Association,

a trade association for the industry, doesn't see it that way. "If the company has to charge a nickel more or 50 cents more to upgrade consumer service, then they should do so," said Lisa V. Caugherty, a spokeswoman. Raffoler is not a member.

Raffoler has had many brushes with the law. Attorneys General in Minnesota, Kansas, Illinois, Massachusetts, Michigan and Ohio have investigated, filed suit or forced the company to halt various business practices in recent years. The F.T.C. in 1986 issued a consent decree under which Raffoler, without admitting guilt, paid a \$150,000 penalty and agreed not to violate mail order rules. F.T.C. officials said they monitor compliance with all consent decrees; they would not comment further.

New York Moves to End Business

The New York State Attorney General is trying to put Raffoler out of business. Elizabeth Bradford, an assistant attorney general, said last summer in a complaint filed in State Supreme Court, "Having shown themselves incapable of making an honest sale or a consistently timely delivery, they should not be permitted to conduct any further mail order business in the state of New York."

The complaint accuses Raffoler of deceptive advertising, selling shoddy merchandise, misrepresenting merchandise, running illegal lotteries disguised as sweepstakes and violating mail order rules for the timely shipment of goods.

In court papers, Mr. Williams said the charges were "unsupported by facts or evidence," and added, "To put it bluntly, the company knows what will sell in Peoria and is not ashamed of it."

Raffoler's 'Ancient History'

Raffoler rose from the ashes of another mail order concern, the Jay Norris Corporation, founded in 1953 in Freeport, L.I. Norris, which sold novelty items, filed for bankruptcy in 1979 after the F.T.C. ordered it to stop violating consumer laws.

Among other things, the F.T.C. ruled that Norris often failed to deliver products and that the company then blamed the Postal Service for nondelivery. Norris also used many trade names, and its owners, Joel Jacobs and Mortimer Williams, transferred some divisions to Mr. Williams's son, Jerry S. Williams, and to Mr. Brown in 1979. The senior Mr. Williams is now a consultant. The name Raffoler was adopted in 1985.

Mr. Moritt called all that "ancient history." He said, "The basis of this company is the result of lessons learned from Jay Norris."