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SHOP SMART: AVOID CRUEL YULE RETAILERS

Thursday, December 17, 1992

By Stephen N. Blaising

The period between Thanksgiving Day and the last post-Christmas white sale marks the most stressful shopping season of the year – for merchants as well as shoppers – even if you are “born to shop.”

A cool yule can quickly turn into a cruel yule for the unwary and undisciplined. My advice Department features a few of its own blue light specials this week to help you and your pocketbook survive the holiday buying frenzy.

Liquidation sales: Legitimate?

Organizations tracking retailing trends, are sporting improved sales of six percent to 10 percent in various Texas cities. Conservative - nay, practical- gift choices have been noted, but at least the cobwebs are off most customers' pocketbooks and money clips.

As a result, it's unlikely merchants will begin major markdowns and plunging discounts as early as Christmas seasons past when gloomy economic forecasts and realities reduced store traffic to a trickle.

Still, a few desperate storeowners can be expected to mount going-out-of-business or liquidation sale to snare holiday shoppers in search of a bargain. Bargains usually exist at such sales...if they are legitimate.

Of course, your first clue may be the fact that you've shopped that same going-out-of-business sale for the past three years. Perhaps you've seen the same advertising for several months. (Look for the official permit number in the ad.)

Such extended liquidation sales are not just dishonest, they are illegal. The State Attorney General's Office says such sales are a violation of Chapter 17.81 of Vernon's Statutes, Texas Business & Commerce Code and the Deceptive Trade Practices Act which outlines sale conduct, permits and penalties.

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Companies going out of business also have to advise the County Tax Assessor Collector's Office regarding inventory, apparently to assure that

taxes are paid before the fading firm disappears altogether.

If you harbor any doubts, you can call the Dallas County Clerk's Office, 683-7275, and ask for the Going-Out-of-Business Permits Department. Melinda, Yolanda or Donna will gladly tell you who's hot off and who's got the permit, which must be displayed at the store site.

Cautious shopping
Some seasoned shoppers never leave home to complete their gift-giving lists. They prefer to do it by the book, the catalog, that is. For those reputable firms who ship overnight or by reliable parcel services, it may not be too late to fulfill special wishes and save a few bucks in the process.

As an alternative, consider using a nationally recognized discount buying service. One of the most trustworthy and reliable is the Buyers Service, a members-only operation. Shoppers are not restricted to the catalog. Instead, members can call 1-800-535-0060 and simply ask the price on a VCR, for example, reciting the brand and model number.

The Buyers Service quotes a price, guaranteeing it is the least expensive price you will pay. Savings over retail store costs range from 20 percent to 60 percent. You even get extended warranties at no extra charge.

There are other shopping networks applying the power of volume purchasing to obtain reduced manufacturer's prices. They, too, work on slim profit margins and low overhead. Don't be afraid to compare quality and services before signing up.

The Buyers Service, sometimes called the Buying Network, charges \$39 for its annual membership, arranged through David Carlson by calling the same 1-800 number.

Tight budgets? Use major cards
Cashiers are already encountering customers who have maxed out their first and second line credit cards. The shoppers simply dive into their wallets and pursue for more plastic, sometimes even setting up department store cards on the spot to obtain instant credit and immediate take-home satisfaction.

That dice could be like a plunge into a shallow, spring-fed lake – cold and harmful.

Beyond the danger of outspending

your income, you could find yourself sucking air when you discover that most department store credit cards carry a 21 percent interest rate on unpaid balances.

Major credit cards, like Visa, MasterCard, American Express and Discover, average around 15 percent or 16 percent. Many basic cards, however, can be obtained for 10 percent or less.

For a list of national and some regional card issuers with low interest rates and/or no annual fees, call the Bankcard Holders of America, 1-800-327-7300. Ask for the Low Rate List. The price is \$4, payable by MasterCard and VISA.

You can get a cash advance from the low rate card to pay off the high rate cards. Also, make sure the new card offers a balance transfer feature, a service that will pay off your high rate credit card balance.

You're safe, if you're able to pay off the balance on the card at the end of the month. If not, pay the department store charges off first to avoid the higher interest rates.

Another good reason to use a major credit card instead of cash is the additional leverage you have in the event of a dispute. If the merchandise is faulty or unserviceable and you pay cash, the store may have a reduced policy. You're stuck.

If you paid with widely recognized plastic, you can dispute the purchase with the card company and not pay the bill until the dispute is satisfactorily resolved. This protection is built into the federal Fair Credit Reporting Act.

It's also smart to have unnecessary credit cards and your checkbook at home when you head for the mall. Holiday shoppers face a much higher risk of robbery, pick-pocketing and other seasonal chicanery, partly because of crowds and confusion.

If the worst happens, you won't have to cancel all your credit cards, apply for new cards, reopen a checking account and try to get new checks in the crush and rush of Christmas present.

Stephen N. Blaising, President of Financial Dynamics, Inc. of Dallas and a University Park resident, is a private economist, financial planner and registered investment advisor.

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