UNITED STATES OF AMERICA

FEDERAL TRADE COMMlSSION WASHINGTON, D.C. 20580

Division of Enforcement

March 30,2007

Mystic Stamp Company
9700 Mill Street
Camden, NY 13316
Attn: Donald Sundman

Dear Mr. Sundman:

Federal Trade Commission staff have conducted an inquiry to determine whether Mystic
Stamp Company ("MSC") violated Section 5(a) of the FTC Act, 15U.S.C. 5 45(a), and the Unordered Merchandise Statute, 39 U.S.C. 3 3009, in connection with MSC's practice of sending additional stamps-on-approval to consumers who ordered a particular stamp or stamp set or requested a free catalog. In particular, the inquiry focused on whether MSC adequately disclosed the fact that it would send additional stamps (on an approval basis) to consumers responding to an ad by ordering a particular stamp or stamp set. As a result of the ambiguity in the advertisements, some consumers believed they were invoiced for unordered merchandise.

You have advised the staff of the following practices relevant to our inquiry. First, after sending the initial set of stamps on approval, MSC does not send additional stamp selections on an approval basis unless a consumer responds by purchasing some or all of the initial stamps sent on approval. Second, MSC provides a postage-paid reply envelope along with stamps sent on approval for consumers to return unwanted stamps. Third, MSC does not send dunning letters to, or refer to a collection agency, those consumers who do not return or pay for the initial set of stamps on approval.

In addition, you have informed the staff that MSC has made the following revisions to its business practices:

1. MSC has revised its print advertisements to disclose more clearly that MSC will send additional stamps on an approval basis to consumers responding to MSC's
ads by ordering the stamps or stamp sets being advertised. You provided several proposed advertisements to the staff that MSC plans to test market. While all
versions sent appear to disclose adequately the existence of the additional stamps
on approval offer, consumer comprehension of an ad is determinative when
evaluating whether an ad discloses adequately any legally required information, such as the existence and material terms of the stamps on approval feature.

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