



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
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, 15 U.S.C. § 45(a), and the Unordered Merchandise Statute, 39 U.S.C. § 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.

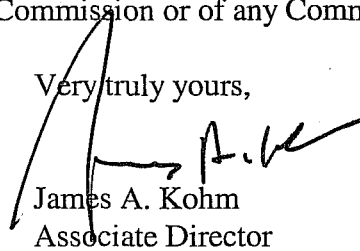
In addition, you have informed the staff that MSC has made the following revisions to its business practices:

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.
2. MSC has revised the welcome letter sent to consumers with the stamps they ordered and the additional stamps-on-approval to explain more clearly the stamps-

- on-approval offer, particularly that consumers can return any or all of the additional stamps if the consumer does not wish to purchase them.
3. MSC has revised the invoice sent to consumers with the stamps they ordered and the additional stamps-on-approval to state more clearly that consumers can return any or all of the additional stamps and owe nothing if the consumer does not want to purchase them.
 4. MSC will continue to provide postage-paid envelopes with the stamps-on-approval for consumers to return stamps they do not want.

The staff has concluded that no further action is warranted by the FTC at this time. Accordingly, the inquiry has been closed. This action is not to be construed as a determination that a violation may not have occurred, just as the pendency of an investigation should not be construed as a determination that a violation has occurred. The FTC reserves the right to take such further action as the public interest may require. The opinions expressed in this letter are those of the staff and not necessarily those of the Commission or of any Commissioner.

Very truly yours,

A handwritten signature in black ink, appearing to read 'James A. Kohm', is written over the typed name and title.

James A. Kohm
Associate Director