

# Exhibit A

# Selected Interstate Telemarketing Cases as Reported in the NAAG Telemarketing Fraud Bulletin from 1997-2005

Declaration of Anna Tooman, Indiana Attorney General's Office

I declare that every case listed below is a verbatim excerpt from the National Association of Attorneys General *Telemarketing Fraud Bulletin*. By consulting with each relevant state, I was able to confirm that the enforcement actions listed in Part I involved at least one interstate telemarketing call. The remaining actions in Part I were easily confirmed by the recitation of facts in the excerpt. The enforcement actions listed in Part II are those that appear from the facts to have involved interstate telemarketing calls, but I was unable to confirm with the individual states.

Anna Tooman

## **I. Cases that Clearly Involve Interstate Telephone Calls or Have Been Confirmed by the States**

December 1997:

### **Illinois Indicts Toronto-Based Telemarketer**

Illinois Attorney General Jim Ryan has indicted Toronto-based telemarketer Reed Nichols on four counts of theft by deception arising out of Nichols' cross-border lottery scam. Nichols, who claimed to have been an agent of Windfall International, is alleged to have defrauded an 84 year-old Northbrook, Illinois woman out of \$980,000 by telling her that she had won \$13 million in a Canadian lottery but would have to pay close to \$1 million to cover taxes and fees on her winnings. Canadian authorities have also charged Nichols with one count of theft arising out of the same transaction. Canadian officials have arrested Nichols and he has been released pending trial. Illinois officials have issued a warrant for Nichols' arrest.

February 1998:

### **Washington Cracks Down on Badge Fraud**

Washington Attorney General Christine O. Gregoire has reached a \$55,000 settlement with a New Jersey-based telephone fundraiser. According to the complaint, telemarketers for Civic Development Group, LLC, which raises funds for the Washington State Patrol Troopers Association and the Washington Lodge of the Fraternal Order of Police, falsely claimed that they were police officers. The telemarketers also falsely claimed that 45 to 100 percent of the monies donated would go directly to law enforcement. Official 1996 Reports show this fundraiser gave less than 25 percent to its charity clients. In addition to the \$55,000 payment, the settlement forbids Civic Development Group, LLC from claiming to be police officers and making other misrepresentations.

April 1998:

### **Wisconsin Settles with Ohio Fundraiser**

Wisconsin Attorney General James Doyle has reached an agreement with CJW, Inc., of Port Clinton, Ohio, a professional fundraiser that solicited donations for the Oshkosh Police Benevolent Association. General Doyle had alleged that CJW's telemarketers falsely claimed to be law enforcement officers when soliciting for the Association. Further, CJW telemarketers misled consumers and businesses to believe that all or most of their donations would be used to fund the "Shop with a Cop" program, which takes disadvantaged children Christmas shopping. Of the \$49,000 raised by CJW telemarketers, only \$9,400 went to disadvantaged children. The settlement requires CJW to comply with Wisconsin's charitable solicitations law, ensure that all CJW's subcontractors and independent contractors are properly registered with the Wisconsin Department of Regulation and Licensing, and provide each contributor, within five days after the solicitation but before accepting a contribution, a written confirmation that clearly lists the name and address of the charitable organization on whose behalf they are soliciting.

June 1998:

### **Wisconsin Files Suit Against Magazine Seller**

Wisconsin Attorney General Jim Doyle has filed a lawsuit against Publishers Services, a Washington-based magazine subscription seller, and its owner, Daniel William Base. In the suit, General Doyle alleges that in an attempt to induce consumers to buy magazine subscriptions, Publishers Services' telemarketers falsely told consumers that magazine prices would soon increase. Publishers Services telemarketers also told consumers that they would receive their magazines within six to twelve weeks after subscribing when, in fact, consumers did not receive their magazines until much later, if at all. The lawsuit seeks refunds for Wisconsin consumers and civil forfeiture.

August 1998:

### **Massachusetts Obtains Judgments Against Fraudulent Texas Telefundraisers**

Stating that his "office will continue to crack down on telemarketers who take advantage of the public and tarnish the hard work and reputations of legitimate charitable organizations," *Attorney General Scott Harshbarger* announced the entry of an order enjoining the American Veteran's Relief Fund [AVRF], from soliciting Massachusetts residents until it pays \$48,000 to four Massachusetts VA medical centers. If AVRF fails to pay the full amount of restitution, with accrued interest, by December 15, 1999, it will be permanently barred from soliciting in Massachusetts. Likewise, Attorney General Harshbarger obtained an order enjoining the Help Hospitalized Children Fund, Inc. [HHCF] from soliciting Massachusetts residents until it pays \$30,000 to Children's Hospital in Boston. As with the order against AVRF, if HHCF fails to make timely payments, the ban on its solicitation in Massachusetts will become permanent. Fundraisers hired by both defendants led Commonwealth residents and businesses to believe they were being solicited by volunteers or employees of the charities instead of by paid fundraisers and that the funds raised would benefit hospitalized veterans and children. The fundraisers repeatedly contacted the same pool of donors, falsely telling them they had made prior contributions. In addition, the defendants' brochures indicated that contributions would be used to purchase wheelchairs, crutches, and therapeutic equipment for patients when, in fact, the charities provided only boxes of popcorn and toys.

### **Ohio Seeks to Put Phony Telemarketers Behind Bars**

*Ohio Attorney General Betty Montgomery* and an Ohio county prosecutor indicted David Beasley, Thomas Cummings, and Ricardo Bendinelli on two felony counts each for operating illegal telemarketing scams. The defendants operated two separate telemarketing scams and could face up to a year in jail and a fine of up to \$2,500 for each count. Beasley, operating out of Atlanta, Georgia, told consumers he was a Federal Express driver trying to deliver a sweepstakes prize, but could not deliver it unless the consumer wired \$2,900 to an IRS agent to cover the prize taxes. The "IRS agent" was an associate of Mr. Beasley who received the "taxes."

Cummings and Bendinelli ran a similar scam out of Georgia. Bendinelli told consumers that, in order to receive a cash prize, they had to send \$2,300 to Cummings to cover "legal and administrative costs." In at least one instance, the defendants claimed they never received the money, and asked the consumer to send an additional \$4,700. The defendants are charged with theft over \$500, failure to register with the Attorney General's office as telemarketers, and failure to submit information to the Attorney General's Office regarding gifts, awards, or prizes. All three men are currently serving jail sentences in Georgia for operating telemarketing scams as a result of a separate action.

October 1998:

### **Ohio Indicts Operator of Alleged Sweepstakes Scam**

*Ohio Attorney General Betty Montgomery*, with the Hardin County Prosecutor, indicted an Atlanta-area man, Darius Davis Sr., on two felony counts and one misdemeanor count in connection with his attempt to cheat a Hardin County senior. Davis allegedly used a phony name while calling the victim to inform him he won a \$2.5 million sweepstakes, and told the man he had to send \$2,950 to Western Union in Atlanta in order to receive the prize. Davis told the man that a truck would deliver the prize money to his house once he made the initial payment. The consumer, suspecting a scam, contacted his local sheriff's office. Davis is charged with attempted theft, failure to register with the Attorney General's Office as a telephone solicitor, and misrepresenting material restrictions, limitations, or conditions to purchase, receive, or use goods or services that are the subject of a telephone solicitation. He faces up to 180 days in jail and a fine of up to \$1,000 for the theft charge, and six to 12 months in jail and a fine up to \$2,500 for the felony counts.

### **Arizona Cracks Down On Work-at-Home Program**

*Arizona Attorney General Grant Woods* entered into a consent judgment with Home Networking Association, Inc. d/b/a Innovative Services Group, a California-based company, and its owner, Jessica Brock. The company placed ads for work-at-home programs for bookkeepers and accountants. Ads instructed consumers to call a toll-free number which connected them with Innovative Services. Innovative Services then sold consumers software that it was not licensed to sell and an employer directory for \$129 to \$139. The company was not authorized to use the names of the businesses in the directory and misrepresented that the businesses listed in the directory required that the home-based employee use the software. In addition, the businesses listed in the directory were not hiring home-based employees. Innovative Services also misrepresented earnings potentials to consumers. The consent judgment requires Innovative Services to return approximately \$1,100 to consumers and pay a \$10,000 civil penalty.

December 1998:

### **16 Attorneys General Obtain Agreement From Travel Promoter**

Attorneys General from 16 states<sup>1</sup>, led by *New York Attorney General Dennis Vacco*, have obtained an Assurance of Voluntary Compliance from Travel Opportunities Inc., a Florida-based travel business that allegedly marketed and sold vacation packages in a deceptive manner. According to the complaints, Travel Opportunities mailed "certificates of entitlement" to consumers and asked them to call an 800 number to claim their prizes, and also set up contest booths at trade shows and fairs to entice consumers to enter a contest for a vacation. Once consumers called, or were called by, Travel Opportunities, they were subjected to a high-pressure sales pitch to purchase a vacation costing over \$400 that they had allegedly "won." In addition, Travel Opportunities failed to tell consumers that if they purchased the vacation package, they would be required to listen to a time share sales presentation. Under the terms of the AVC, Travel Opportunities is required to pay \$600,000 in restitution, plus \$400,000 in penalties and costs, to participating states. The company must also disclose all costs and fees before a consumer purchases a vacation, and that consumers may be required to attend a sales presentation prior to purchasing vacations.

February 1999:

### **Wisconsin Obtains Judgments Against Three Magazine Telemarketers**

*Wisconsin Attorney General Jim Doyle* obtained judgments against three out-of-state magazine telemarketers: Publishers Services, and its owner, Daniel Base; Direct Sales International d/b/a Magazine Sweepstakes, Ltd.; and Direct Sales, Inc. Attorney General Doyle alleged that Publishers Services failed to deliver magazines ordered by consumers, failed to refund money to those consumers, misrepresented that the company was affiliated with magazine publishers, and misrepresented that it offered subscriptions at a reduced price which would soon increase. The judgment requires the Publishers Services defendants to pay \$165,429.85 in restitution, forfeitures, penalties, and costs. Attorney General Doyle alleged that Direct Sales International and Direct Sales, Inc. telemarketers made misrepresentations regarding the prices of subscriptions to consumers. Under the judgment, these companies are required to cancel all magazine subscription contracts of Wisconsin consumers who file complaints with the Attorney General's office, and also must refund any money obtained from consumers after they attempted to cancel their subscriptions. In addition, the companies are required to disclose, during telemarketing solicitations and in writing, the total number of payments, the amount of each individual payment, the aggregate amount to be paid for each subscription, and notice of the consumer's three-day right to cancel an order. The companies have paid \$12,500 in total for investigatory costs and attorneys' fees.

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<sup>1</sup>Arkansas, Arizona, Connecticut, Illinois, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New Mexico, New York, North Carolina, Texas, Washington, Wisconsin, and West Virginia.

## **Oklahoma Seeks to Stop Florida Company from Soliciting Donations**

*Oklahoma Attorney General Drew Edmondson* filed a petition seeking a temporary injunction against the American Association of State Troopers [AAST] of Tallahassee, Florida, and its professional fundraiser, Public Appeal of Southlake, Texas. In the petition, Attorney General Edmondson alleges that AAST and Public Appeal called unsuspecting donors and told them that their donations would be used to fund scholarships, legal aid, life insurance retirement benefits, and death benefits for Oklahoma troopers. According to Attorney General Edmondson, "AAST misleads donors into thinking that donated money stays in the state and that donated funds go to state troopers. The fact is, AAST is in no way affiliated with the State of Oklahoma." Last year, AAST received about \$7.37 million in donations from across the nation. Of that, about \$5.87 million went to Public Appeal.

## **North Carolina Sues Two Arizona-based Telemarketing Operations**

*North Carolina Attorney General Mike Easley* obtained temporary restraining orders against Bank Card Recovery Service and Liberty Direct, two Arizona-based telemarketing operations that called North Carolina residents and marketed credit card protection plans that cost \$199 to \$289. In his suit against Bank Card Recovery Service, Attorney General Easley alleges that the company misrepresented to consumers their liability for charges to lost or stolen credit cards. The second firm, Liberty Direct, is accused of falsely telling consumers that they would be liable for credit card charges placed by thieves if they did not subscribe to their credit card protection plan. Both telemarketing operations are also charged with failing to register with the North Carolina Secretary of State. Both lawsuits seek permanent injunctive relief, restitution, and civil penalties.

June 1999:

## **Kentucky Indicts Nevada Telemarketer**

*Kentucky Attorney General Ben Chandler* announced that David Lee Hall of Las Vegas, Nevada, has been indicted for theft by deception relating to telemarketing calls he made to an elderly Lexington, Kentucky, man. According to Attorney General Chandler, Hall contacted the victim and falsely told him that the victim had won thousands of dollars and was required to send money to cover administrative fees. "Thieves who use the telephone as a weapon to steal will no longer be able to escape by simply hanging up the phone. We will find them and bring them to Kentucky to face a Kentucky jury and if convicted, they will go to jail in Kentucky," said Attorney General Chandler. If found guilty, Hall faces up to 5 years imprisonment and/or a \$10,000 fine.

## **Six States Reach Settlement With California Company**

*California Attorney General Bill Lockyer, Illinois Attorney General Jim Ryan, Minnesota Attorney General Mike Hatch, Texas Attorney General Jim Cornyn, Vermont Attorney General Bill Sorrell, and Wisconsin Attorney General Jim Doyle* reached a settlement with California-based Action Direct Marketing and its president Robert D. Hodges, resolving allegations that the

company conducted deceptive telephone consumer health surveys. According to the Attorneys General, Action Direct Marketing, under the fictitious entity "National Health Surveys," misrepresented to consumers that it was conducting a national health survey to improve health care for the public. However, the company was actually compiling a marketing list of consumers who indicated that they had hearing and other health problems. Action Direct Marketing sold these lists, along with private health information it gathered, to its professional clients, including doctors, audiologists and chiropractors. These clients then used the names and information to solicit consumers to purchase their professional services. Under the terms of the settlement, Action Direct Marketing is prohibited from misrepresenting the purpose of its consumer health surveys. The company is also required to affirmatively disclose all potential uses of consumer health information gathered in a health survey and, specifically, to disclose that such information may be shared with health care providers or services for marketing purposes.

August 1999:

### **Wisconsin Obtains Judgment Against Arizona Telemarketing Firm**

*Wisconsin Attorney General Jim Doyle* obtained a judgment against Wesley Jay Gumeringer and Steven Robert Steveson, and their company, Furtherance International, Inc. d/b/a Premier Card Services, a telemarketing firm that marketed a credit card protection plan to Wisconsin consumers. According to the lawsuit, Premier Card Services made several misrepresentations including: that they were VISA or Mastercard representatives when, in fact, they were not; that they were instructed by the Federal Trade Commission to call consumers and obtain their credit card numbers and expiration dates; and that consumers were required to have credit card protection plans. In addition, the defendants had deducted \$289 to \$329 from consumers' credit cards without their authorization. The judgment prohibits the defendants from representing that:

- The caller is a representative of VISA, Mastercard, or the consumer's credit card company;
- The caller needs to verify the consumer's credit card information;
- The caller has been instructed by the Federal Trade Commission to call credit card holders to obtain their credit card numbers and expiration dates;
- The caller is checking the security of the consumers's credit card number for possible fraud;
- The consumer is required to buy credit card fraud protection;
- The credit card protection service will cost the consumer a certain dollar amount, unless such representation is true and there are concurrent disclosures of the application time period and other terms of the service; or
- The consumer may cancel the service without obligation within a certain period of time, unless that is true and the consumer is provided the specific method for exercising those cancellation rights.

The judgment also prohibits the company from debiting a consumer's credit card without express authorization. In addition, the defendants must pay \$12, 282 in investigatory costs and civil penalties and reimburse consumers who purchased credit card protection plans.

August 2000:

### **Ohio Settles With Telemarketing Company**

*Ohio Attorney General Betty Montgomery* has reached a settlement with Bank Card Security Center, resolving allegations that the Florida-based credit card protection seller used illegal tactics to frighten consumers into spending hundreds of dollars on unnecessary services. Attorney General Montgomery alleged that Bank Card: 1) failed to register with the Attorney General as a telephone solicitor and the Secretary of State as a foreign corporation; 2) misrepresented its registration status with the Attorney General; 3) misrepresented material aspects of its credit card protection service; 4) made false or misleading statements; 5) failed to deliver services paid by consumers; and 5) made unauthorized charges on consumers' credit cards. Under the terms of the settlement, Bank Card is prohibited from soliciting consumers in Ohio and must pay \$500,000 in civil penalties, of which \$450,000 will be suspended pending compliance. Additionally, Bank Card has one year to provide full refunds to consumers. Bank Card has already provided the State with a \$50,000 deposit for restitution.

December 2000:

### **Iowa Announces Conviction of Georgia Telemarketer**

*Iowa Attorney General Tom Miller* has announced the conviction of Robert Holland of felony theft by deception and conspiracy to commit theft by deception. Holland was also found to be a habitual offender. Attorney General Miller alleged that Holland made numerous misrepresentations while selling investments in foreign currency options. Holland falsely told potential investors that an \$80,000 investment would yield a rate of return of \$500,000 in a matter of weeks. Holland faces up to 15 years imprisonment and fines up to \$10,000.

### **Oregon Settles With Datatech**

*Oregon Attorney General Hardy Myers* has reached an agreement with Datatech Communications, resolving claims that the New York-based telemarketer sold advertisements in the National Business Directory without being registered in the State. Under the terms of the settlement, Datatech is enjoined from telemarketing until it registers with the Oregon Department of Justice. Additionally, Datatech must pay \$2,000 to the Oregon Consumer Protection and Education Fund.

June 2001:

### **Oregon Settles With National Magazine Exchange**

*Oregon Attorney General Hardy Myers* reached a settlement with Special Data Processing Corporation d/b/a National Magazine Exchange, resolving claims that the Florida-based company failed to provide adequate information to consumers regarding the goods and services it marketed. Attorney General Myers further alleged that the company failed to register as an Oregon telemarketer. The settlement requires the defendant to register prior to

telemarketing in the state and provide certain information to consumers when conducting telephone solicitations. Lastly, the settlement requires the defendant to pay \$25,000 to the Oregon Department of Justice Consumer Protection and Education Fund.

December 2001:

### **North Carolina Obtains Judgment in Sweepstakes Case**

*North Carolina Attorney General Roy Cooper* obtained a summary judgment against Technology Communications Management, L.L.C. d/b/a Global Network Enterprises, and principals Cecilia Margarita Castillo and Ian Anthony Suite.

Attorney General Cooper alleged that the defendants falsely told elderly consumers that they had won a California sweepstakes and must provide their bank account numbers to ensure payment of California taxes. Attorney General Cooper further alleged that the defendants charged victims' accounts immediately, but never delivered a prize. The court entered a judgment for \$200,000 in civil penalties, \$30,179 in victim restitution, and \$6,000 in attorneys' fees against all the defendants. In addition, the COBRA Telemarketing Fraud Task Force in Orange County, California filed criminal actions against the defendants in federal court in June 2000. Defendants Castillo and Suite were charged with money laundering and wire fraud and those cases are ongoing.

April 2002:

### **Ohio Announces Indictments in Sweepstakes Scam**

*Ohio Attorney General Betty Montgomery* announced the indictment of Floridians Brandy Merrill and Henry Lee Elam, Jr., on charges of operating a fake sweepstakes promotion. Attorney General Montgomery alleges that the defendants operated a business named "Robin Leach's National Clearinghouse," without evidence that TV personality Robin Leach was involved. Attorney General Montgomery also alleges the defendants told consumers they won a second prize in a sweepstakes, and would have to send money to cover the "taxes" on their winnings. Brandy Merrill was indicted on 38 counts, including engaging in a pattern of corrupt activity, various Telephone Solicitation Sales Act violations, and receiving stolen property. Henry Lee Elam, Jr. was indicted on seven counts of receiving stolen property.

June 2002:

### **North Carolina Obtains Million Dollar Settlement**

*North Carolina Attorney General Roy Cooper* obtained a consent judgment against Buyers Source, of Chesapeake, Virginia, owners, Thomas Brewer and Frederick Blake, and agent, Lannie Campbell, resolving claims the defendants deceptively marketed residential building lots. Attorney General Cooper alleged that Buyers Source called North Carolina residents and offered to purchase timeshares, campground memberships, and vacation club memberships for \$10,000. Attorney General Cooper alleged that consumers interested in selling

their timeshares or memberships were invited to meet with Buyers Source agents at a nearby hotel. Only after arriving at the meeting did consumers discover they had to first purchase lots at Savannah Lake before Buyers Source would purchase their timeshares or memberships. According to Attorney General Cooper, 38 North Carolinians purchased lots and paid approximately \$30,000 for each lot that Buyers Source had bought for \$2,000. Under the consent judgment, Buyers Source must provide consumers with \$1,026,000 in cash and mortgage relief. The judgment will relieve consumers of mortgage debts worth \$27,000 per lot. In addition, consumers will retain approximately \$6,000 from the sale of each of their timeshares or memberships.

### **Oregon Settles With Dimensional Express Services**

*Oregon Attorney General Hardy Myers* entered an Assurance of Voluntary Compliance with San Antonio-based Dimensional Express Services, Inc. d/b/a vacationcollect.com, resolving allegations it made collect calls to consumers to "pitch" vacation packages. According to Attorney General Myers, consumers were charged \$8 to \$9 per minute for the collect calls. Attorney General Myers further alleged the defendants failed to register as telemarketers with the Oregon Department of Justice.

The AVC requires the defendants to provide full refunds to complainants, including the cost of collect calls and vacation packages. The AVC also requires the defendants to pay \$3,000 to the Consumer Protection and Education Fund. Lastly, the defendants are prohibited from engaging in telemarketing activities for the next 18 months, and thereafter, can telemarket only if registered with the Oregon Department of Justice.

August 2002:

### **Michigan Files Notice of Intended Action Against Paragon Laboratories**

*Michigan Attorney General Jennifer Granholm* filed a Notice of Intended Action against a Florida corporation, Paragon Laboratories, Inc. d/b/a Suncoast Chemical Company and Santa Fe Chemical, alleging it violated the Michigan Consumer Protection Act and the Telemarketing Sales Rule by misrepresenting or failing to disclose information regarding the cost of its cleaning products, restrictions and conditions on purchases, and cancellation policy details. According to Attorney General Granholm, Paragon billed Michigan schools and hospitals for cleaning supplies they did not order. Paragon filed collection suits in Florida against three Michigan schools that refused to pay for products. According to Attorney General Granholm, Paragon filed similar suits against hospitals and schools in Illinois, Iowa, Kentucky, Louisiana, Mississippi, Ohio, South Carolina, Texas, Tennessee, and West Virginia.

### **Oregon Settles With Fundraisers**

*Oregon Attorney General Hardy Myers* reached a settlement with Fundraisers, Inc., a Florida-based telemarketer, and its president, Steven Chanzen, resolving allegations they failed to register to solicit contributions in Oregon and misrepresented that contributions would support the Marion County Sheriff's office.

The settlement prohibits Fundraisers from soliciting in Oregon for five years and requires it to pay \$5,000 to the Marion County Sheriff's Office. In addition, the defendant must pay \$5,000 in civil penalties to the Department of Justice and \$5,000 in investigatory costs and attorneys' fees.

October 2002:

### **Michigan and Rhode Island Sue MedPlan**

*Michigan Attorney General Jennifer Granholm and Rhode Island Attorney General Sheldon Whitehouse* filed suits against MedPlan, Inc., of Toronto, Canada, alleging MedPlan telemarketers called consumers, often seniors, and falsely told them they would send materials about the "MedPlan plan" – a membership club providing discounts on chiropractic, vision, and dental services, prescriptions, and other health-related services and products for \$349. According to Attorneys General Granholm and Whitehouse, MedPlan telemarketers requested consumers' bank account numbers for "verification purposes" and failed to clearly disclose that the information would be used to withdraw the membership fees from consumers' accounts. Lastly, when consumers cancelled the plan, MedPlan failed to provide timely refunds to consumers. The suits seek penalties and restitution.

### **North Carolina Files Suit Against GoInternet.net**

*North Carolina Attorney General Roy Cooper* filed suit against Neal D. Saferstein, owner and president of Philadelphia-based GoInternet.net d/b/a Mercury, Mercury Internet Services, MIS, Mercury Marketing, Mercury Long Distance, Mercury Wireless Services, and Venus Voice Mail.

Attorney General Cooper alleges the defendants charged consumers \$29.95 for Internet services, even though consumers declined the offer or agreed only to receive additional information. GoInternet submitted charges to a "billing aggregator" that imposed charges on consumers' telephone bills. In some cases, GoInternet telemarketers spoke with a child or an employee who was not authorized to order service, but the company enrolled the household or business anyway. The suit seeks refunds for consumers and civil penalties of \$5,000 for each instance of unfair and deceptive trade practices.

### **North Carolina Takes Action Against Credit Offerors**

*North Carolina Attorney General Roy Cooper* obtained preliminary injunctions against First National Credit and principals Steven Golgolab and Mahmoud Karrenhabadi, and Bay Area Business Council and principal agent Peter Porcelli, following allegations they deceptively marketed credit cards to consumers. According to Attorney General Cooper, First National Credit offered consumers a "gold" credit card with a credit line of \$15,000 and debited "membership" fees from consumers' accounts. Attorney General Cooper alleged that several consumers received no credit card, while others received a catalog of merchandise and a "gold" card, good only for catalog purchases. Consumers who ordered from the catalog had to make a

cash payment of up to 45% of the purchase price and an 18% fee for shipping, handling, and "insurance."

Attorney General Cooper alleged that Bay Area Business Council falsely told consumers they would receive a MasterCard with a credit limit of \$2,000 and an initial interest rate of 0%. Many consumers authorized the company to debit fees, ranging from \$184 to \$209 from their bank accounts. Other consumers had their accounts debited without their approval. Instead of credit cards, consumers received a package of travel opportunities, photo processing offers, and applications for prepaid debit cards. (*See June 2002 Telemarketing Bulletin*).

In separate actions, Attorney General Cooper issued five Cease and Desist Notices to telemarketers soliciting credit-related services and advance fee loans. Named in the notices are: J.T. Card Services, of North Miami Beach, Florida; Zybertain, Inc., of Orlando, Florida; Archon Enterprises, of Toronto, Canada; Central Benefits, of Kirkland, Canada; and American Gold Card, of Montreal, Canada.

### **Oklahoma Files Suit Against Telephone Protection Agency**

*Oklahoma Attorney General Drew Edmondson* filed suit against Telephone Protection Agency, Inc., of Hickory, North Carolina, alleging the defendant used Oklahoma's "no-call" program as bait for its telephone solicitations. Attorney General Edmondson alleges the defendant illegally transferred \$99 from consumers' bank accounts and falsely implied that it was associated with the Attorney General's Office. Attorney General Edmondson further alleges the defendant falsely told consumers it knew they had signed up for Oklahoma's "Don't Call" Program and, for an additional fee, its service could eliminate all telemarketing calls. One consumer declined the offer, but discovered that the company had debited \$99 from her account. The suit seeks a permanent injunction, consumer restitution, civil penalties, attorneys' fees, and investigatory costs.

February 2003:

### **Texas Sues Asset Recovery Group**

*Texas Attorney General Greg Abbott* filed suit against California-based Asset Recovery Group, Inc., and owners Robert Barrere and Debra Millward, alleging they violated the Deceptive Trade Practices Act when they deceived consumers about their services. Attorney General Abbott alleged the defendants made late-night automated phone calls to consumers. The defendants informed consumers they had reserved unclaimed assets, valued at \$500 or more, on consumers' behalf and instructed consumers to send \$25 to receive an application for recovery of the assets, or to call a 900 number for information. The defendants' continued practice violated a previous permanent injunction. The defendants still owe the state about \$20,000 in attorneys' fees and investigative costs.

April 2003:

### **North Carolina Halts "Credit Card" Offerors**

*North Carolina Attorney General Roy Cooper* obtained a temporary restraining order against Florida-based National Association of Credit Services and owners Steven Raykher and Teresa Rich. Attorney General Cooper alleges the defendants falsely told consumers they were approved for a credit card. Consumers who paid a \$200 processing fee received nothing or a card that could be used only to purchase items from a catalog. In addition, the defendants failed to provide refunds or falsely told consumers they risked damage to their credit report, if they did not pay the required cancellation fee. Attorney General Cooper seeks to permanently enjoin the defendants from conducting business in North Carolina, as well as the payment of refunds and fines.

### **Oklahoma Enjoins Telemarketing Law Violations**

*Oklahoma Attorney General Drew Edmondson* announced orders prohibiting two Arizona-based companies, National Telegard Systems and Senior Benefit Association, from soliciting Oklahoma consumers until they registered with his office. According to Attorney General Edmondson, both companies deceptively marketed identity theft protection services to a consumer, implying that they contacted her because she signed up for Oklahoma's Don't-Call list and to protect her from the telemarketing calls she would receive when the Attorney General sold her personal information. A court ordered Senior Benefit Association to pay \$7,500 in attorneys' fees and investigative costs. National Telegard Systems must pay a civil penalty of \$5,000.

### **Wisconsin Obtains Judgment Against Magazine Sales Company**

*Wisconsin Attorney General Peg Lautenschlager* obtained a judgment against Minnesota-based Midwest Readers Service, Inc. Attorney General Lautenschlager alleged the defendant failed to disclose its name, the purpose of its calls, and the total cost to purchase magazines. The defendant also failed to notify consumers of their three-day right to cancel. The judgment prohibits Midwest Readers from its deceptive acts and practices and requires it to provide refunds to consumers and pay \$12,500 in investigatory costs.

June 2003:

### **North Carolina Sues Telecommunication Companies**

*North Carolina Attorney General Roy Cooper* filed suit against Miami-based Liberty Online, National Online, Ameripages, and B2B Advantage, alleging they placed unauthorized charges on consumers' telephone bills. According to Attorney General Cooper, the defendants' telemarketers mislead consumers about the costs of their Internet and telecommunications services or signed them up without their approval. In some cases, the defendants falsely claimed they were conducting a survey or confirming information about a customer's account. The suit seeks refunds and civil penalties.

August 2003:

### **North Carolina Halts Unclaimed Property Scheme**

*North Carolina Attorney General Roy Cooper* obtained a temporary restraining order against California-based Unclaimed Property Center and directors Debra Millward and Robert Barrere, prohibiting them from telemarketing unclaimed property services. According to Attorney General Cooper, the defendants used deceptive recorded telemarketing messages to mislead consumers into believing they would receive unclaimed property if they paid a finder's fee. Unclaimed Property never conducted research on assets owned by consumers. The suit seeks to permanently enjoin the defendants from soliciting in the state, as well as the payment of civil penalties.

December 2003:

### **Iowa Sues Telefunder**

*Iowa Attorney General Tom Miller* filed suit against Florida-based Xentel, Inc., which solicits donations in the name of the Iowa Professional Fire Fighters Association [IPFF]. The suit alleges that Xentel pays the IPFF \$12,000 monthly, keeps all donations over that amount, and that Xentel's telemarketers falsely claim to be fire fighters and that all donated funds will go to local fire departments. The suit seeks a permanent injunction, restitution, and civil penalties, including an additional civil penalty of up to \$5,000 for each violation committed against older Iowans.

### **North Carolina Halts Loan Offeror**

*North Carolina Attorney General Roy Cooper* obtained a temporary restraining order against Arizona-based Consumer Protection Publication, Inc. and principals William R. Crosby and Gregorio Gomez, prohibiting them from telemarketing into the state. According to Attorney General Cooper, the defendants targeted consumers with credit problems and falsely promised them lower interest rates on their credit cards and special credit card "protections." Consumers who agreed to the defendants' offer had \$397 charged on their credit cards, but received nothing or simply a list of credit card companies and a how-to guide for organizing and managing debts. The suit seeks to permanently enjoin the defendants from their deceptive practices, as well as civil penalties and refunds.

### **Wisconsin Obtains Judgment Against Telecom Company**

*Wisconsin Attorney General Peg Lautenschlager* obtained a judgment against Florida-based Talk Too Me, enjoining it from billing consumers and businesses for telecommunication services they did not affirmatively order. According to Attorney General Lautenschlager, the defendant handled the billing for American Directory Services (ADS), a fraudulent and now-defunct New Mexico-based telemarketer that called consumers collect to sell Internet directory services. ADS telemarketers misled consumers into believing they were receiving collect calls from friends or relatives. When consumers realized the call was a sales pitch, they hung up. ADS processed the collect calls as "accepted" and Talk Too Me billed consumers \$29.44 for the call. The judgment requires Talk Too Me to provide consumer refunds.

February 2004:

### **Oregon Settles With Gas Vouchers Offeror**

Oregon Attorney General Hardy Myers reached a settlement with Nevada-based Continuity Partners, Inc., resolving allegations its telemarketers falsely told consumers they were selected to receive \$200 in gasoline vouchers for the U.S. government to help pay for high gasoline prices. The telemarketers told consumers who accepted the offer that they would be charge \$1.95 for shipping and handling. Consumer did not receive the gasoline vouchers, rather, they were signed up for a free trial of the U-Talk Unlimited phone card. If consumers did not opt out of the phone plan, their credit cards were charged an enrollment fee. The settlement requires the defendant to provide refunds and pay \$7,500 to the Consumer Protection and Education Fund.

April 2004:

### **North Carolina Sues Credit Counseling Companies**

North Carolina Attorney General Roy Cooper and Wake County District Attorney Colon Willoughby filed suit against Massachusetts-based Cambridge Credit Counseling Corporation and Florida-based Debt Management Foundation Services, Inc., alleging they charged consumers high fees for plans to get out of debt. According to Attorney General Cooper and District Attorney Willoughby, the defendants' telemarketers falsely told consumers their companies offered non-profit credit counseling services. The defendants also failed to tell consumer that some payments would go directly to the defendants and not to creditors. The suit seeks to ban the defendants from advertising, soliciting, or engaging in debt adjusting services in the State. The suit also seeks cancellation of all contracts, as well as refunds and civil penalties.

### **North Dakota Settles With Travel Offerors**

North Dakota Attorney General Wayne Stenehjem reached a settlement with Florida-based Cape Canaveral Tour & Travel d/b/a/ E Tour & Travel, Inc. and telemarketer, Fantasy Vacations, Inc. resolving allegations they misrepresented that their travel packages were approved by the Attorney General. Attorney General Stenehjem also alleged the defendants falsely told consumers they were a "select" group, eligible to receive the offers. The settlement prohibits the defendants from their misrepresentations and requires the payment of \$5,000 in civil penalties. The defendants also agreed to cancel contracts entered into in December 2003.

June 2004:

### **Iowa Bars Nevada Telemarketer**

Iowa Attorney General Tom Miller announced an Assurance of Voluntary Compliance barring Brian MacGregor, who did business as CPI, American Values, U-Talk Limited, Wellnet, Blitz Media, and Washball, from doing business in Iowa. The defendant and his companies called consumers and claimed they would provide them with \$200 in gas coupons in exchange

for payment of \$1.95 for shipping and handling. Callers required consumers to provide their bank account numbers to facilitate the debiting of their accounts for the \$1.95 charge. Callers also encouraged consumers to try "free trial offers" and other goods or service, such as long-distance calling cards. Consumer who refused the additional offers discovered hundreds of dollars of debits from their bank accounts. In addition to barring the defendant from doing business in Iowa, the AVC requires MacGregor to provide a refund to every Iowan who requests one.

### **Wisconsin Sues Newsletter Publisher**

Wisconsin Attorney General Peg Lautenschlager filed suit against Pennsylvania-based Progressive Business Publications, Inc. alleging it telemarketed "free" trial newsletter subscriptions, but sent "invoices" that misled organizations into believing they had purchased a subscription to the newsletter. The suit seeks forfeitures and penalties, as well as an order requiring the defendant to halt its deceptive practices and refund unlawfully collected money from consumers.

August 2004:

### **North Dakota and Oregon Settle with Global Mindlink and Select International**

North Dakota Attorney General Wayne Stenehjem reached a settlement with Florida-based Global Mindlink Foundation, Inc. and Select International Donors, Inc., and their principal operator Denise Battista, resolving claims their telemarketers falsely claimed they were soliciting donations on behalf of a non-profit organization assisting abused and neglected children. Global Mindlink and Select International also misled consumers into believing they were eligible to win prizes, falsely claiming consumers had agreed previously to join Global Mindlink. The settlement requires the two companies to pay \$12,000 in restitution and \$10,000 to the Attorney General's office. The settlement also permanently enjoins the defendants from charitable solicitations or sales in the state.

In a separate action, Oregon Attorney General Hardy Myers obtained an Assurance of Voluntary Compliance with Global Mindlink Foundation and Select International Donors, resolving claims they sold "memberships" for \$50 to \$600 with false promises of valuable coupons, free film, and sweepstakes entries while claiming the proceeds would help provide computers for the disabled. The AVC requires the companies to provide restitution to victims and prohibits them from soliciting in the state.

### **Washington Settles With DSI Financial**

Washington Attorney General Christine Gregoire reached a settlement with Florida-based Debt Solutions, Inc. a/k/a DSI Financial Inc., resolving allegations it used high pressure sales tactics and misleading telemarketing pitches to sell debt reduction services. According to Attorney General Gregoire, the defendant misrepresented the costs of its services and the guaranteed savings of its debt reduction plan. The defendant also falsely told consumer there

was a no-cancellation policy when, in fact, consumers had a three-day right to cancel. The settlement requires the defendant to pay restitution, civil penalties, and attorneys' fees.

September 2004:

### **Iowa Files Suit Against Teledraft, Inc.**

*Iowa Attorney General Tom Miller* filed suit against Teledraft, Inc., a Delaware corporation with its principal place of business in Phoenix, AZ., alleging that the company "facilitated consumer fraud" by enabling deceptive telemarketers to automatically withdraw money from people's bank accounts without their permission or approval. Also named in the suit are Al Slaten, president and an owner of Teledraft, and Dan Wolfe, an owner of Teledraft and Arizona resident who owns a larger share than any other individual.

### **Maine Sues Telemarketer Over Illegal Solicitations**

*Maine Attorney General Steve Rowe* filed suit against Florida-based International Law Enforcement Games, Inc., and its paid fundraiser All-Pro Telemarketing Associates Corp. Attorney General Rowe alleges the two entities violated the Maine Solicitation by Law Enforcement Officers Act by representing to prospective donors that donations would benefit law enforcement officers, agencies, or associations. The defendants also violated the Unfair Trade Practices Act by misrepresenting that their contributions would assist a "major children's wish fulfillment organization" that they failed to identify.

October 2004:

### **Texas Files Suit Against Companies Targeting Hispanic Consumers with Credit Card Scam**

*Texas Attorney General Greg Abbott* filed suit against Florida-based Julio Cesar Sandoval, Carlos Felipe Mendez, LatinCard Plus, L.L.C., ProLine Card L.L.C., Call Center Express Corp., and Tradex L.L.C., alleging they targeting Hispanics with false promises of major credit cards with high credit limits. In actuality, the companies required an up-front fee of up to \$299 from consumers who responded to heavily marketed advertisements on Spanish-language television and radio stations. The "credit cards" they received were good only for purchases of items from the defendants' catalogs and websites. The suit seeks refunds and injunctive relief.

November 2004:

### **Iowa Obtains Judgment Against Xentel, Inc.**

Iowa Attorney General Tom Miller obtained a consent judgment and order against Xentel, Inc., requiring the Ft. Lauderdale-based company to stop abusive and misleading practices in its professional fundraising calls and solicitations to Iowans. According to Attorney General Miller, Xentel made tens of thousands of telemarketing calls each year into Iowa on behalf of the "Iowa Professional Fire Fighters Association." Xentel also implied their

telemarketers were fire fighters or misrepresented that money would be used locally. The consent judgment ensures that local law enforcement or fire departments that experience citizen complaints or other problems with Xentel's fundraising can ask the company to terminate fundraising in that community, and Xentel must honor the request.

### **Iowa Sues "American Deputy Sheriffs' Association"**

*Iowa Attorney General Tom Miller* filed suit against ADSA, Inc. d/b/a the American Deputy Sheriffs' Association, a not-for-profit corporation headquartered in Louisiana that asks for donations purportedly to help Iowa law enforcement agencies with things like bullet-proof vests and benefits to families of officers killed in the line of duty. Other defendants named in the suit are Michael Croft, past president of ADSA; Ashley Isaac, president of ADSA; Thomas Buchman, internal auditor of ADSA; EulaLee Warner, secretary-treasurer of ADSA; Public Awareness, Inc., a professional fund-raiser business that contracts with ADSA and is based in Eau Claire, Wisconsin; and Duane Kolve, president of Public Awareness, Inc. The suit seeks injunctive relief, as well as a court order requiring the defendants to pay up to \$40,000 for each violation of the Consumer Fraud Act.

### **Michigan Issues Notice of Intended Action Against Grant Offeror**

*Michigan Attorney General Mike Cox* issued a notice of intended action against Florida-based Consumer Grants USA, which does business under different names, including Ultimate Funding, Consumer US Grant Guide, Customer Care Plus, and Federal Grant Information Center. According to Attorney General Cox, Consumer Grants USA made misleading telemarketing calls that falsely promised government grants of \$8,000 to \$25,000 if consumers paid a \$239 "processing fee." Consumers were asked by telemarketers to give their personal bank account information, permitting payment to be withdrawn directly from their bank account. After payment was withdrawn, consumers received an informational guidebook rather than the promised grant.

December 2004:

### **Massachusetts Issues Restitution Checks**

*Massachusetts Attorney General Tom Reilly* issued refund checks, ranging from \$100 - \$500, to more than 1,400 Massachusetts consumers who paid up-front fees to a Florida-based telemarketer to enroll in credit counseling provided by a non-profit corporation. The checks, totaling close to \$400,000, stem from a settlement Attorney General Reilly reached earlier this year with Integrated Credit Solutions (ICS), Inc., of Largo, Florida. The settlement resolves allegations that ICS gave false and misleading information about benefits and savings to lure consumers into purchasing credit counseling services.

## **North Carolina Halts Phony Computer Scam**

*North Carolina Attorney General Roy Cooper* obtained a preliminary injunction against California-based Del Sol, alleging it told consumers they won a free laptop, but required them to make a purchase in order to collect a prize. The defendant required consumers to purchase two watches, 10 religious-based CDs, and 10 bottles of name-brand perfume. When the shipment arrived, it included some CDs, perfume, and watches, but did not include a computer. The suit seeks restitution and civil penalties.

January 2005:

## **Ohio Sues Continuity Partners**

*Ohio Attorney General Jim Petro* filed suit against [Nevada-based] Continuity Partners Inc. d/b/a Continuity Partners, UTALK, American Values, WELLNET, and Washballs, alleging it sold \$200 worth of gasoline coupons for a one-time shipping and handling fee of \$1.95, but failed to provide the coupons. In addition, Continuity Partners obtained consumers' bank-account information to facilitate payment for the coupons. Consumers reported that Continuity Partners debited additional, unauthorized charges from their accounts. These charges ranged between \$19.95 and \$597.30 for products and services consumers did not purchase, such as long-distance services, retail discounts, prescription drug discounts, and laundry cleaning products.

## **Ohio Announces Prison Term for Canadian Lottery Telemarketer**

*Ohio Attorney General Jim Petro* announced the sentencing of Shawn Rawley to three years in prison for his role in a telemarketing scam operated from Montreal. The victim, an elderly Ohio resident, sent several packages of cash payments to addresses in Montreal, Vermont, and New York. In all, the woman sent more than \$75,000. In August 2003, Rawley was arrested in New York City while picking up a Federal Express package containing the victim's final payment.

February 2005:

## **North Carolina Takes Action Against Telemarketers in Florida**

Attorney General Cooper filed suit against Florida-based Phoenix Consumer Services, alleging it falsely told consumers that the company could improve their credit rating or send them a pre-approved credit card for a \$129.95 fee. Consumers who paid the fee received neither a credit card nor help with their credit. Phoenix also allegedly debited consumers' accounts without their authorization.

## **Wisconsin Files Against Continuity Partners**

*Wisconsin Attorney General Peg Lautenschlager* filed suit against Nevada-based Continuity Partners, Inc., as well as president Brian K. MacGregor, alleging they promised consumers \$200 worth of gasoline coupons or free telephone calling cards and asked them to

provide their bank account or credit card information so that the company could obtain a shipping and handling charge of \$1.95. Consumers never received the promised coupons or calling cards, but discovered that large withdrawals had been taken from their accounts.

March 2005:

### **North Dakota Obtains Judgment in Government Grant Scam**

*North Dakota Attorney General Wayne Stenehjem* obtained a judgment against Florida-based Consumer Grants USA, Inc., Ultimate Funding Plus, Inc., Ultimate Funding, Inc., Customer Care Plus, Inc., and James T. Lovern for violations of the state no-call law, consumer fraud law, and a cease and desist order. According to Attorney General Stenehjem, the defendants called consumers and falsely promised government grants if they paid a "processing fee" of \$239. The judgment prohibits the defendants from doing business in North Dakota and requires them to pay restitution.

April 2005:

### **North Carolina Blocks Telemarketer**

*North Carolina Attorney General Roy Cooper* obtained a preliminary injunction against Florida-based Consumer Grants USA, Inc., president James T. Lovern, and vice president Leo J. Corrigan, enjoining them from making calls to or taking money from North Carolinians. According to Attorney General Cooper, the defendants falsely told consumers they were qualified for or were guaranteed to receive government grants in exchange for a fee. The suit seeks to permanently bar the defendants from deceiving consumers, as well as refunds and civil penalties.

### **North Dakota Issues Cease and Desist Orders Against Grant Companies**

*North Dakota Attorney General Wayne Stenehjem* issued cease and desist orders against National Grant Assistance or National Grant Association, operated by Eliyya Shukeir of Montreal, Quebec and with a post office box in Champlain, New York; Express Grant d/b/a GE International and American Grant Services, operated by Roger Samara of Montreal, Quebec and with a mail drop in Champlain, New York; and grantforyou.com a/k/a Grant For You and premierbusinessgroup.net, operated by Vincent Cataldi, in Delray Beach, Florida, with a mailing address in Phoenix, Arizona. The defendants falsely told consumers they were entitled to and guaranteed government grants in exchange for a \$349 fee.

### **North Dakota Secures Refunds from Business Directory Company**

*North Dakota Attorney General Wayne Stenehjem* obtained an Assurance of Voluntary Compliance with World Wide Source, requiring it to cease selling directory listings and pay \$3,380 in refunds and \$2,500 in civil penalties. According to Attorney General Stenehjem, Montreal-company Word Wide Source, doing business out of Plattsburgh, New York, claimed to

publish a business directory called "American Business Index," and demanded payment from businesses listed in the directory, even though they had not requested a listing.

May 2005:

#### **Arkansas Sues Telemarketers Targeting Latino Residents**

*Arkansas Attorney General Mike Beebe* filed suit against California-based Del Sol LLC d/b/a Del Sol Educational Telephone, and owners Fernando T. Gonzalez and Ana Maria Gonzalez, alleging they targeted Spanish-speaking consumers who had a limited understanding of English and offered a promotional prize package at a cost of about \$230, which, when delivered, did not contain the promised prizes. Attorney General Beebe is seeking restitution, civil penalties, and an injunction halting Del Sol's Arkansas operation until it stops its deceptive practices and complies with state and federal "Do-Not-Call" laws.

#### **Ohio Sues Credit Card Marketers**

*Ohio Attorney General Jim Petro* filed suit against Oklahoma-based Credit Now, Inc. d/b/a Commercial Products and president Ed Harris, alleging the company telemarketed unsecured credit cards for fees ranging from \$149 to \$159, without registering in Ohio as a telephone solicitor. Consumers did not receive the promised cards; only a card application.

#### **Oklahoma Settles with CBG**

*Oklahoma Attorney General Drew Edmondson* has settled allegations against Arizona-based Consumer Benefits Group, Inc., resolving claims it deceptively telemarketed anti-identity theft services, was not registered as a telemarketer in the state, and called consumers on Oklahoma's Don't-Call list.

June 2005:

#### **North Dakota Halts Dubious Charities**

*North Dakota Attorney General Wayne Stenehjem* reached a settlement with California-based Association for Disabled Firefighters, Coalition of Police & Sheriffs, and American Veterans Relief Foundation and their professional fundraisers, Public Awareness and Duane Kolve, resolving allegations the defendants misled donors into believing they were local organizations. The defendants also were not licensed in the State. The settlement prohibits the defendants from conducting charitable solicitations in the State and requires them to pay \$30,000.

## **North Dakota Issues Cease and Desist Order Against Consumer Rewards Network**

*North Dakota Attorney General Wayne Stenehjem* issued a Cease and Desist order against California-based Consumer Rewards Network and affiliates Mega Movie Club, Health Net, and Net Forever. Attorney General Stenehjem alleges Consumer Rewards Network representatives, falsely claiming to be from Wal-Mart, offered consumers vouchers for Wal-Mart shopping sprees worth up to \$500. In return, consumers agreed to pay nominal fees to be debited from their accounts. Consumer Rewards used the account information to commit consumers to additional and automatic charges.

## **Ohio Sues Warranty Company**

*Ohio Attorney General Jim Petro* filed suit against Arizona-based Car Care Warranty, LLC d/b/a Vehicle Owner Warranty Notification Center, alleging it deceptively claimed an association with consumers' auto dealerships or the manufacturer of consumers' cars, and that it telemarketed in Ohio without registering as a telephone solicitor.

## **II. Cases Involving Apparent Interstate Telemarketing Calls that Have Not Been Confirmed by the States**

December 1997:

### **Pennsylvania Sues Florida-Based Charity and North Carolina-Based Telemarketer**

Pennsylvania Attorney General Mike Fisher has filed a lawsuit against Telcom Telemarketing Services, Inc., of North Carolina, and the Florida-based National Vietnam Veterans Coalition Foundation, which hired Telcom to telemarket on its behalf. The suit alleges that Telcom telemarketers misrepresented themselves as Vietnam veterans and falsely told consumers that their contributions would aid only Pennsylvania veterans. It also alleges that the Foundation failed to register as a charity with the State prior to soliciting contributions from Pennsylvania residents.

February 1998:

### **Pennsylvania Reaches Badge-Fraud Settlement with New Jersey Telemarketer**

Pennsylvania Attorney General Mike Fisher has reached a settlement with Professional Advertising Directors, Co., Inc., of Flanders, New Jersey, requiring the company to pay \$15,000 in restitution, civil penalties and costs for giving false and misleading information to consumers while fundraising for Le-Hampton Fraternal Order of Police Lodge #35 of Lehigh and Northampton counties. Fisher alleged that Professional Advertising Directors telemarketers falsely claimed to be police officers when soliciting contributions. The telemarketers also lied by stating that all contributions would be used for training seminars, a widows fund and to assist local police departments. Contributions actually supported the Fraternal Order of Police's legal and arbitration expenses and funded life insurance policies for its members.

### **Pennsylvania Reaches Agreement with Illinois-Based Telemarketer**

Pennsylvania Attorney General Mike Fisher has reached a settlement with Teleservices International, Inc., a Chicago-based telemarketer. Teleservices failed to register pursuant to Pennsylvania's Telemarketer Act and Consumer Protection Law -- a new law requiring telemarketers doing business in Pennsylvania to register with the Attorney General and to post a bond. The agreement requires Teleservices International Inc. to pay \$5,000 in customer restitution and \$1,000 in investigation costs and to comply with Pennsylvania's Telemarketer Act and Consumer Protection Law.

April 1998:

### **Pennsylvania Has Last Word With Magazine Seller**

Pennsylvania Attorney General Mike Fisher has obtained an Assurance of Voluntary Compliance, plus \$1,045.50 in investigation costs, from Base & Base, Inc. dba Publishers Services, a magazine subscription seller operating out of Woodinville, Washington. The AVC settles allegations that Publishers Services failed to comply with Pennsylvania's telemarketing law. The agreement requires Publishers Services to register with the Attorney General's Office and post a \$50,000 bond before soliciting magazine purchases over the telephone, send a written contract for consumers to sign, and inform consumers orally and in writing of their three-day right to cancel any magazine subscription contract. "As a state Senator, I authored the Telemarketing Law to protect consumers who make purchases over the telephone," General Fisher said. "As Attorney General, I intend to enforce the law. The people of Pennsylvania should have, in writing, confirmation of a purchase and be told that phone sales come with a right of cancellation."

### **Vermont Sends Florida Vacation Company Packing**

Vermont Attorney General William H. Sorrell has settled with Florida Travel Network, a Florida-based vacation package seller. In the suit, General Sorrell alleged that Florida Travel Network's telemarketers falsely told consumers that they had won a "free" vacation when, in fact, consumers had to pay for the vacations and were required to attend time share presentations while on their "vacations." The settlement requires Florida Network Travel to reimburse consumers who purchased vacations from the company and pay \$28,000 in investigation costs to the State.

June 1998:

### **Pennsylvania Continues Its No Tolerance Policy Against Non-Registrant Charities**

Pennsylvania Attorney General Mike Fisher has reached settlements with two professional fundraisers that violated Pennsylvania's Charities Act and consumer protection laws. General Fisher alleged that Young Productions, based in Florida, solicited contributions on behalf of American Veterans Relief Fund of Dallas, Texas, without ensuring that the charity was

properly registered with the Attorney General's office. "Under Pennsylvania Law, the telemarketer or professional solicitor must make sure a charity is registered for the duration of the fund-raising campaign," Fisher said. "In this case, it appears that the charity's registration expired before the campaign ended." The settlement requires Young Productions to pay \$3,700 in restitution, civil penalties, and investigatory costs.

### **Vermont Refuses to Give Vacation Break a 'Break'**

Vermont Attorney General William Sorrell has reached a settlement with Vacation Break, a Florida-based vacation package seller. General Sorrell alleged that Vacation Break lied to consumers by implying that they had won a free vacation when, in fact, they had to pay for their vacation. The suit also alleged that Vacation Break failed to tell the consumers that they had to attend a time-share presentation while they were on their "vacations." Vacation Break also allegedly misrepresented certain charges as "port fees" and failed to inform consumers of their right to cancel over-the-telephone purchases. The agreement requires Vacation Break to provide \$200,000 in refunds to Vermonters who purchased vacations from the travel seller and \$50,000 to the State for investigatory costs.

### **Pennsylvania Cancels Magazine Subscriptions**

Pennsylvania Attorney General Mike Fisher has reached a settlement with Virtual Data Corporation, an Arizona-based magazine subscription seller. General Fisher alleged that the company sold magazine subscriptions over the telephone without first registering with his office and posting a \$50,000 bond. General Fisher also alleged that Virtual Data failed to send purchase contracts to consumers and did not inform them of their right to cancel magazine subscription purchases. The agreement requires the company to comply with Pennsylvania's Consumer Protection Law and Telemarketer Registration Act and honor all cancellation requests from consumers who purchased magazines.

October 1998:

### **Minnesota Gets Restitution for Consumers Who Bought Chances at Florida Lottery**

*Minnesota Attorney General Hubert Humphrey III* reached a settlement with Gold Coast Subscribers, Inc., a Florida-based telemarketing company. Gold Coast allegedly solicited sales for Florida lottery tickets from Minnesota residents, primarily to senior citizens, over the phone. Selling chances at out-of-state lotteries is illegal in Minnesota. Gold Coast has agreed not to engage in telemarketing in Minnesota, and will pay \$25,000 in restitution.

### **Pennsylvania Obtains Compliance Assurance Against Magazine Seller**

*Pennsylvania Attorney General Mike Fisher* obtained an Assurance of Voluntary Compliance from Publishers Renewal Service, Inc., a Kansas-based telemarketer that allegedly illegally sold magazine subscriptions. The company failed to register with the Attorney General's office, post a bond, send written contracts to consumers, and inform them of their right to cancel a purchase. "One consumer told my office that after the company received his

cancellation notice it proceeded to withdraw more than \$785 from his bank account," Fisher said. The Commonwealth also alleged that the company misled consumers by claiming to be "a trusted name in quality magazine service for over 30 years," when the business actually opened in 1989. According to the terms of the AVC, the company must register with the Commonwealth as a telemarketer and post a bond. It must also provide consumers with written contracts that include a signature confirmation of a magazine subscription, honor cancellation requests, provide refunds to consumers who purchased magazines after February 3, 1997, and pay \$2,050 for the costs of the investigation.

February 1999:

### **Pennsylvania Reaches Settlement with Florida-Based Fundraiser**

*Pennsylvania Attorney General Mike Fisher* reached a settlement with Allan C. Hill Productions, Inc. [ACH], a Florida-based fundraiser, resolving claims that the company violated the Pennsylvania Charities Act and Consumer Protection Law. According to the suit, ACH was hired by the Bucks County Handicapped Council to solicit donations for area organizations that provide services to physically handicapped individuals. The suit alleged that ACH falsely told potential donors that the Easter Seal Society endorsed the campaign and would directly benefit from the proceeds. It was further alleged that ACH failed to deposit each contribution into a bank account controlled by the charity as required by law. Under the terms of the settlement, ACH will: 1) deposit all contributions in a charity-controlled bank account; 2) train its telemarketers and employees to ensure compliance with the Pennsylvania Charities Act and Consumer Protection Law; 3) turn over copies of all fundraising contracts, scripts and written materials to the Attorney General; and 4) pay \$8,500 in restitution, a \$100 civil penalty, and \$1,400 for investigatory costs.

### **Minnesota Announces Settlement with Vacation Marketer**

*Minnesota Attorney General Mike Hatch* reached a settlement with Commonwealth Marketing Group [CMG], a Pennsylvania-based vacation package seller, resolving claims that CMG misled consumers into believing they won a free vacation when, in fact, the vacations were not free. CMG set up booths at numerous events and locations throughout Minnesota with signs proclaiming "Dream Come True Vacation," "Vacation Entry Register Now," and "Florida Bahama Cruise Vacation." Consumers who completed the forms received calls from telemarketers who echoed the free vacation claims. Consumers later discovered that the "free" vacations cost \$498 to \$598 per couple. According to Attorney General Hatch, "The slick marketing techniques used by CMG made these warm weather vacation packages sound like a great deal, but consumers were not getting the bargain they were led to believe." Under the terms of the settlement, CMG must provide full refunds to consumers who purchased vacations from CMG and have not traveled on them. In addition, CMG will alter the way it solicits and sells vacation packages as well as disclose all costs and fees prior to a consumer purchasing a vacation package. Lastly, CMG will pay \$25,000 in penalties and costs.

June 1999:

## **Alabama Sues Texas Companies**

*Alabama Attorney General Bill Pryor* filed suit against Tom Gildenblatt and his companies MultiMarketing Corp; Custom Sports Publications, Inc.; Gildenblatt Enterprises, Inc.; D&L Map Service; Texas H.S. Publications; Weekend Fisherman; Historical Map Society; and National High School Sports Promotion. In the lawsuit, Attorney General Pryor alleges that the defendants sold advertisement space on calendars, sports schedules, and local historical maps that they produced, falsely telling businesses that a portion of the advertising fee would go directly to support local school or athletic programs. The defendants also allegedly misrepresented that law enforcement agencies supported the program. Neither the schools nor any law enforcement agency sanctioned or were aware of the defendants' solicitations. Attorney General Pryor seeks to enjoin the defendants from further solicitations in Alabama, restitution for victims who purchased advertisement space from the defendants, a \$2,000 penalty for each violation of the Deceptive Trade Practices Act, and up to \$10,000 for each violation of the Alabama Telemarketing Act.

August 1999:

### **West Virginia Reaches Settlement With Canadian Telemarketer**

*West Virginia Attorney General Darrell V. McGraw, Jr.* has obtained an Assurance of Discontinuance from Upland Global Corporation, a Canadian-based telemarketing company offering credit card protection plans. Attorney General McGraw had alleged that Upland Global telemarketers, while purporting to be representatives from consumers' banks, had misrepresented to consumers that their banks required them to purchase credit card protection plans, which sold for \$239 to \$259. Once consumers purchased Upland Global's services, they were instructed to provide the company with credit card account numbers, driver's license numbers, passport numbers, as well as car and life insurance policy numbers. Attorney General McGraw also alleged that Upland Global failed to disclose to consumers that under federal law, credit card holders cannot be liable for more than \$50 of unauthorized charges. Upland Global also made unauthorized charges on consumers' credit card accounts. Under the terms of the settlement, Upland Global agreed to cease doing business in West Virginia, provide the names and addresses of every West Virginian who purchased Upland Global's services, and provide refunds to consumers who request one.

October 1999:

### **Vermont Sues Septic Product Company**

*Vermont Attorney General William Sorrell* has filed a lawsuit against Septic Care, Inc., a New Jersey-based company that telemarkets a household septic product called "Pro-Activator Plus." Attorney General Sorrell alleges that the defendants falsely told consumers that Pro-Activator Plus saved time and money by eliminating the need to pump septic tanks periodically and that Pro-Activator Plus converted all wastes into liquid. Telemarketers also claimed that Pro-Activator Plus was the "most powerful, most effective septic maintenance product" and that Pro-

Activator Plus was USDA-approved. Septic Care did not possess test results showing that the product provides a benefit to household septic tanks. Furthermore, the product was not USDA-approved. The lawsuit seeks to prohibit the defendants from violating the law, refunds for consumers who purchased Pro-Activator Plus, and civil penalties of up to \$10,000 per violation.

December 1999:

#### **Pennsylvania Reaches Agreement With New York-Based Fundraiser**

*Pennsylvania Attorney General Mike Fisher* has reached a settlement with Good Cause Marketing, resolving claims that the professional fundraiser falsely told donors that their donations would benefit organizations that promote child safety and help locate missing children. According to Attorney General Fisher, potential donors were falsely told that the money raised would assist the Missing Children Help Center, the National Child Safety Council, and the United Way. None of these charities benefited from the donations. Under the terms of the settlement, Good Cause Marketing will pay \$20,000 in restitution, plus \$5,000 in civil penalties and investigatory costs. In addition, Good Cause will make the proper oral and written disclosures regarding its status as a solicitor.

October 2000:

#### **New York Reaches Settlement With MemberWorks**

*New York Attorney General Eliot Spitzer* has reached a settlement with MemberWorks, Inc., resolving allegations that the Connecticut-based company charged consumers' credit cards without their knowledge or authorization. According to Attorney General Spitzer, MemberWorks entered into agreements with Citibank and other major financial institutions and obtained customer names and account information. MemberWorks used the information in telemarketing campaigns to lure consumers with a "free 30-day trial membership" in one of its many clubs. At the end of the trial period, MemberWorks charged consumers annual fees. Many consumers who accepted the offer did not understand that MemberWorks had access to their credit card numbers and would charge them if they failed to cancel during the trial period. Under the terms of the settlement, MemberWorks agreed to clearly disclose the negative option method up front and again before renewal. In addition, MemberWorks must tape every consumer's consent to ensure it is knowingly given, provide accurate and non-misleading information about the value of the membership, clearly disclose that it is not their financial institution offering the product or service, and disclose that the company already has the customer's credit card number for automatic billing.

#### **Idaho Reaches Settlement With Civic Development Group**

*Idaho Attorney General Al Lance* has reached a settlement with Civic Development Group d/b a Residential Appeal, LLC., resolving allegations that the New Jersey-based corporation made false and deceptive statements when soliciting donations. According to Attorney General Lance, CDG solicitors misled donors into believing that their donations would benefit law enforcement efforts in Idaho and that their scripts were approved by the Attorney

General's office. Under the terms of the settlement, CDG agreed to stop making false and misleading statements in telephone solicitations and to register as telemarketers. Lastly, the company must pay \$10,000 in civil penalties and investigatory costs.

April 2001:

### **New York Files Suit Against Credit Card Offerors**

*New York Attorney General Eliot Spitzer* filed suits against three Montreal-based companies for engaging in deceptive, fraudulent, and illegal business practices. Named in the lawsuits are: Alini International Marketing, Inc. and its officers Nicole Bertrand and Neil Haboush; Telehublink Corporation d/b/a Triple Gold Benefits and its general manager Jacques Dion; and 3557561 Canada Inc. and its president Shawn Jacobs d/b/a Platinum 2000, Continental Benefits Group, and the Alliance for Family Security. Attorney General Spitzer alleges that Alini International and Telehublink deceived consumers into paying a \$200 advance fee for an all-purpose credit card, such as Visa or Mastercard. Instead, consumers received a card that allowed purchases only from a catalog. Attorney General Spitzer alleges that 3557561 Canada falsely promised consumers credit cards for a fee of \$150-\$200. Consumers received "free" airline tickets with the purchase of a vacation package, a list of creditors to which consumers could apply for credit card, credit card applications, and a credit repair manual. The lawsuits seek to enjoin the defendants' deceptive practices, as well as restitution, penalties, and costs.

### **Rhode Island Halts R&R Consultants**

*Rhode Island Attorney General Sheldon Whitehouse* reached an agreement with R&R Consultants, Inc., resolving claims that the Quebec-based telemarketing company, while marketing their credit card protection service, falsely told consumers that their credit card numbers were available on the Internet. To obtain the service, consumers provided their credit card numbers and paid \$385. The agreement prohibits R&R Consultants from soliciting in Rhode Island.

### **West Virginia Obtains Judgment Against United Publishers' Service**

*West Virginia Attorney General Darrell McGraw, Jr.* obtained a judgment against United Publishers' Service. Attorney General McGraw alleged that the Pennsylvania-based company sold multiple magazine subscriptions to consumers and refused to honor consumers' cancellations of their subscriptions. The judgment requires United Publishers' to pay restitution and civil penalties. The judgment also enjoins the company from its deceptive practices.

August 2001:

### **Pennsylvania Settles With Florida Vacation Business**

*Pennsylvania Attorney General Mike Fisher* reached a settlement with Discovery Rental, Inc., resolving claims that the Florida-based vacation seller made false and deceptive statements in the sale of timeshares. Attorney General Fisher alleged that the company offered consumers a

\$299 cruise package and free round-trip airline tickets, without disclosing that travelers were required to pay for expensive accommodations, hidden charges, taxes, and fees, plus attend a mandatory time-share presentation. The defendant also failed to inform consumers of their right to cancel within three business days and failed to register as a telemarketer and post the required bond. The settlement enjoins Discovery Rental and its officers from all marketing activities in violation of the Consumer Protection law and Telemarketing Registration Act. In addition, the settlement requires Discovery Rental to: 1) honor all cancellation requests and issue refunds; 2) pay \$10,000 in civil penalties; and 3) pay \$3,000 for investigatory costs.

### **West Virginia Settles With Magazine Seller**

*West Virginia Attorney General Darrell McGraw* reached a settlement with International Readers' League of Atlanta, resolving claims that the magazine seller misled consumers about their rights to cancel multiple magazine subscriptions. Attorney General McGraw further alleged that the company misled consumers into believing their memberships to the "buyers' clubs" were free with their magazine purchases. The settlement requires International Readers to provide full refunds to consumers who were misled into purchasing buyers club memberships. Additionally, the settlement requires the company to notify consumers that they can cancel their magazine subscriptions at any time.

October 2001:

### **Missouri Halts Canadian Marketer of International "No-Call" List**

*Missouri Attorney General Jay Nixon* obtained an order against R&R Consultants, of Montreal, and its owner, Reuben Ross. Attorney General Nixon alleged the defendants marketed a phony International "no-call" list. According to Attorney General Nixon, the defendants falsely told consumers that, for a \$289 fee, their names would be removed from an international telephone and mail solicitation database. In addition, the defendants falsely told consumers they would be protected from fraudulent credit card charges. The order permanently bars the defendants from making misrepresentations and requires the payment of \$7,440 in investigatory costs and \$7,060 in restitution.

December 2001:

### **Vermont Settles With Three Fundraisers**

*Vermont Attorney General William H. Sorrell* announced separate settlements with three telefundraisers who conducted fundraising campaigns in Vermont. The companies are All-Pro Productions, Inc., of Waltham, Massachusetts; Lester Telemarketing, Inc., of Branford, Connecticut; and MSGI Direct, Inc., of Venice, California. According to Attorney General Sorrell, the defendants failed to disclose the percentage of actual donations that would be paid to the charity. The settlement requires All-Pro Productions to pay \$15,000; Lester Telemarketing to pay \$5,000; and MSGI Direct to pay \$15,000.

April 2002:

### **Vermont Settles Consumer Fraud Claims Against Canadian Telemarketers**

*Vermont Attorney General William H. Sorrell* has reached a settlement with two Montreal-based telemarketers, World Wide Source Publishing, Inc. and Ameri-Source Publications, Inc., resolving claims that WWS and five of its officers systematically violated the Vermont Consumer Fraud Act in the course of selling listings in a directory called the "American Business Index." Ameri-Source Publications, Inc., a company that shares common management and ownership with WWS and uses a return address in New York, also telemarkets listings in a business-to-business directory.

Attorney General Sorrell alleged that WWS used a Vermont return address and solicited orders for two-year listings in their directories for \$399.95. Attorney General Sorrell further alleged the defendants violated the Consumer Fraud Act by:

- misrepresenting that they offered renewals of listings in the local Yellow Pages when, in fact, they offered primarily new listings in a non-local directory of limited circulation;
- overstating the circulation of their directories as 1 million when, in fact, it was closer to 35,000;
- billing many customers without their authorization;
- failing to provide customers with their three-day right to cancel; and
- overcharging customers for a directory that was of limited value to most businesses.

The settlement requires WWS to pay \$79,000 (\$59,000 in penalties and \$20,000 in fees and costs) and Ameri-Source to pay \$46,000 (\$36,000 in penalties and \$10,000 in fees and costs), for a total of \$125,000. The defendants must also provide refunds to their Vermont customers. The settlement also bars the defendants from doing business in or into Vermont, or using a business address or facilities in the state.

June 2002:

### **Missouri Obtains TRO Against MedPlan**

*Missouri Attorney General Jay Nixon* obtained a temporary restraining order against MedPlan, Inc., claiming the Canadian-based business charged Missouri seniors \$349 for a "free" 30-day trial membership to receive medical and health-related discounts. Attorney General Nixon alleged that MedPlan called Missouri consumers to offer membership in the "MedPlan Plan," in which consumers would receive discounts and savings on chiropractic, hearing, vision, and dental services and products, pharmaceutical products, and other medical and health-related services. Attorney General Nixon also alleged that MedPlan offered to send a packet of membership materials as part of the 30-day, no-cost trial period and told consumers if they declined the membership, they would receive a full refund. Attorney General Nixon further alleged that MedPlan asked consumers to provide bank account information for verification

purposes, but made unauthorized withdrawals from the accounts immediately, and then refused to provide dissatisfied consumers with refunds.

The order prohibits MedPlan and its employees from obtaining Missourians' bank account numbers through telemarketing calls or from making unauthorized withdrawals from consumers' accounts. The lawsuit seeks a permanent injunction, restitution, and civil penalties.

### **Pennsylvania Settles With Front Row Tickets**

*Pennsylvania Attorney General Mike Fisher* reached a settlement with Front Row Tickets, Inc., of Steubenville, Ohio, and its president, James Edmiston, resolving allegations the defendants violated Pennsylvania's Consumer Protection Law, the Telemarketing Registration Act, and the Resale of Tickets Law. Attorney General Fisher alleged the defendants resold entertainment or sporting event tickets to consumers at rates beyond allowable rates. Attorney General Fisher further alleged the defendants paid others to purchase volumes of tickets for events and then re-sold them. The defendants also sold tickets without proper licensing and telemarketed without registering with the state.

The settlement prohibits the defendants from advertising, soliciting, and/or selling tickets in Pennsylvania. In addition, the settlement requires the defendants to reimburse consumers for the amount of money illegally charged for event tickets. Lastly, the settlement requires the payment of \$5,000 in civil penalties and \$10,000 in investigatory costs.

### **Vermont Settles With East Coast Marketing Group, Inc.**

*Vermont Attorney General William H. Sorrell* reached a settlement with East Coast Marketing Group, Inc., of Portland, Maine, and principals, Gaylon Boshears, of Weston, Vermont, and Angela Anastopoulos, of North Waterboro, Maine, resolving allegations the defendants violated Vermont's Charitable Solicitations Law. Attorney General Sorrell alleged that in more than 30 fundraising campaigns conducted in 1997-2001 for Vermont public safety organizations, ECMG:

- failed to comply with filing, financial reporting, and record-keeping requirements;
- failed to provide appropriate contract disclosures and written copies of telemarketing scripts to the organizations on whose behalf they raised funds, and to obtain written approval of the scripts;
- failed to provide to prospective donors important disclosures — namely, that ECMG was being paid, and donors could find out from the state how much of their contribution would go to the charity; and
- used language on the telephone which, combined with the absence of the two required disclosures, created the impression that ECMG's telemarketers were themselves public safety officers.

The settlement requires ECMG to comply with the state's Charitable Solicitations Law and to avoid misrepresenting their identity or affiliation with any charitable organization. The settlement

further requires ECMG to pay \$100,000, of which \$86,000 — representing the total commissions they received — will go to the Vermont Community Foundation. ECMG must pay the remaining \$14,000 in fees and investigatory costs.

August 2002:

### **West Virginia Settles With Kinetico**

*West Virginia Attorney General Darrell V. McGraw, Jr.* reached an agreement with Kinetico Inc., an Ohio-based manufacturer of water treatment systems, resolving allegations its dealer, Crystal Clear Water, made numerous misrepresentations during the sale of water treatment systems. The telemarketers for Kinetico were employed by Robert Edward and Kimberly F. Wise of Fairmont, West Virginia d/b/a Crystal Clear Water.

According to Attorney General McGraw, Crystal Clear misrepresented that it was an “independent water testing company” offering free in-home water quality tests. Crystal Clear implied that the tests were being conducted for government or public purposes and refused to disclose that it sold water treatment systems, even when asked directly by consumers. Attorney General McGraw further alleged Crystal Clear did not have a contract license to install the systems, misinterpreted the results of in-home water tests to mislead consumers about the quality of their water and their need for a water treatment system, and made false claims about the efficiency of its water treatment systems. In addition, Attorney General McGraw alleges Crystal Clear misled consumers about the terms and conditions of financing and induced consumers to purchase water systems by falsely promising to deliver \$2,600 worth of soap products. Lastly, Attorney General McGraw alleged that Crystal Clear Water financed the water treatment systems by placing them on credit card accounts through Conseco Finance Corporation, in violation of federal law prohibiting “open-end” financing.

The agreement requires Kinetico, which was held responsible for Crystal Clear Water, to provide refunds and cancel loan obligations of approximately 80 West Virginia consumers who purchased the water treatment systems. In addition, Kinetico must provide free inspections, repairs and service, and give an extended factory warranty to consumers who wish to keep their Kinetico systems. Lastly, Kinetico is prohibited from credit card financing and must pay \$5,000 to West Virginia’s Consumer Protection Fund.

October 2002:

### **Missouri Takes Action Against Canadian Companies**

*Missouri Attorney General Jay Nixon* filed suit against Montreal-based AXS Marketing d/b/a Telguard and owner and president, Oren Pinto, alleging the defendants obtained consumers’ sensitive information by falsely telling them they had unauthorized charges on their accounts and that AXS could remove the charges. Attorney General Nixon also alleges the defendants falsely told consumers that, for a fee, they would protect them from unauthorized charges and prevent telemarketers and direct mail businesses from contacting or soliciting them.

Lastly, Attorney General Nixon alleges that the defendants misrepresented that they worked with his office on anti-fraud efforts. The suit seeks restitution, penalties, and investigatory costs.

In a separate action, Attorney General Nixon obtained an order against R&R Consulting, of Quebec, resolving allegations the defendant called Missourians to sell placement on a phony "international" no-call list. R&R Consulting must pay \$14,500 in restitution.

### **New York Sues All-Pro Telemarketing Associates Corporation**

*New York Attorney General Eliot Spitzer* filed suit against New Jersey-based All-Pro Telemarketing Associates Corporation, and its shareholder, officer, and director, Mark Gelvan, alleging they engaged in deceptive solicitation practices on behalf of the Fraternal Order of New York State Troopers. Attorney General Spitzer alleges that All-Pro's solicitors pretended to be New York State Troopers and failed to identify themselves as paid solicitors. Attorney General Spitzer also alleges that the defendants told consumers their contributions would be used for anti-drug and alcohol presentations in elementary schools throughout the state, and for an emergency fund to benefit charitable organizations, as well as widows and orphans of the Order's members and State Troopers. All-Pro retained 85 % of all donations raised and staged only 30 educational anti-drug programs in nine of New York's 62 counties.

Attorney General Spitzer reached a settlement with All-Pro and the Order in 1996, requiring the companies to pay \$30,000 in penalties and use a pre-approved script for telephone solicitations. The defendants violated that agreement. The suit seeks to permanently bar the defendants from soliciting charitable funds, as well as restitution.

### **Pennsylvania Announced Agreement with Xentel**

*Pennsylvania Attorney General Mike Fisher* entered an Assurance of Voluntary Compliance with Xentel, Inc., of Alberta, Canada, resolving allegations the company used false and misleading fundraising tactics purportedly to obtain donations for Pennsylvania's Professional Fire Fighters Association. Attorney General Fisher alleged the company falsely told consumers that they were actual firefighters from their local community, who needed help to maintain and update fire safety programs. It also was alleged that the company falsely told consumers that portions of the money raised would assist the Children's Burn Camp and firefighters throughout Pennsylvania.

Under the agreement, Xentel must pay \$14,000 in restitution, \$3,000 in civil penalties, and \$3,000 for the Commonwealth's investigatory costs. In addition, the agreement requires the company to: 1) permanently cease operating in violation of Pennsylvania's Charitable Purposes Act and the Unfair Trade Practices and Consumer Protection Law; 2) issue refunds to consumers who were victimized and delete their names from the company's call list; 3) provide the Commonwealth with records or documents regarding future consumer complaints; and 4) furnish taped copies of solicitations during phone room inspections by the Attorney General's Office.

February 2003:

### **Illinois Files Suit Against World Voice Link**

*Illinois Attorney General Lisa Madigan* has filed suit against World Voice Link, of Bedford, Texas, and president James Tressler, alleging they falsely told consumers that they were chosen to receive a "free" pager and paging service if they tried the defendants' call-messaging service, and charged consumers for services they did not authorize. The suit seeks a permanent injunction, restitution, civil penalties of up to \$50,000 per violation, and court costs.

### **Illinois Files Suit Against Canadian Fundraiser**

Illinois Attorney General Lisa Madigan filed suit against David P. Suggitt d/b/a Healing Hands Busy Book and D.P.S. Activity Publishing, of Alberta, Canada, alleging the defendants falsely told consumers their donations would be used to purchase "Healing Hands Busy Books" for children staying at local hospitals. Attorney General Madigan alleges the defendants kept donations and never donated books to hospitals. Attorney General Madigan further alleges the defendants failed to register as a charitable organization and a professional fundraiser. In addition, the defendants allegedly failed to obtain permission from local hospitals to use their names as part of their solicitation campaigns. Attorney General Madigan obtained a temporary restraining order and seeks a full accounting of the defendants' charitable assets. The suit also seeks a permanent injunction, forfeiture of all monies collected, and a fine of at least \$100,000.

### **Missouri Halts Internet-Related Service Companies**

*Missouri Attorney General Jay Nixon* obtained a preliminary injunction against National Online Services, Liberty Online Services, and Epixtar Corporation, enjoining the group of Miami, Florida-based telemarketers from placing charges on consumers' phone bills without their express verifiable authorization and from misrepresenting facts to consumers. According to Attorney General Nixon, the company telemarketed consumers to sell Internet-related services and placed unauthorized charges of \$30.85 on consumers' telephone bills. Attorney General Nixon further alleged that some charges appeared, even without a telemarketing call. Lastly, consumers who tried to contact National were either unsuccessful or had additional misrepresentations made to them, including promises of credits that were never issued on the consumers' telephone bills. Attorney General Nixon seeks a permanent injunction, as well as restitution for Missouri consumers.

April 2003:

### **Missouri Reaches Agreement with Timeshare Marketer**

*Missouri Attorney General Jay Nixon* has reached an agreement with Arkansas-based Resort Mart, which also did business as Century 21 Resort Mart, and owner John Dunn, resolving allegations that Resort Mart misled consumers into purchasing its timeshare resale services. Attorney General Nixon alleged that Resort Mart offered a resale service for consumers seeking buyers for their timeshare properties in Branson, Missouri and other vacation spots. In exchange for an up-front fee and a listing agreement, Resort Mart promised to advertise consumers' properties and find buyers for those properties. Consumers complained that Resort

Mart telemarketers falsely told them that the company would find buyers for their properties quickly and that Resort Mart did not make an effort to find buyers for their timeshares.

The agreement requires the defendants to pay \$25,000 in restitution; to accurately disclose the services it will provide in exchange for payment of the up-front fee and that a refund may be obtained within five days of receiving written notification of the terms of the agreement; and to not misrepresent the likelihood that a timeshare will be sold as a result of purchasing an agreement.

### **Vermont Settles With Time-share Promoter**

*Vermont Attorney General William Sorrell* reached a settlement with Florida-based Cape Canaveral Tour & Travel, Inc. and principals Lory Walker and Michael Dwyer, resolving allegations they misrepresented the purpose of their telemarketing calls, misrepresented vacation package offers as special offers, failed to disclose that consumers were required to take a timeshare tour in order to take advantage of the vacation package offer, and failed to notify consumers of their three-day right to cancel. The settlement requires the defendants to comply with the Consumer Fraud Act, provide refunds, and pay \$80,000 to the state.

June 2003:

### **Missouri Bars Canadian Telemarketer**

*Missouri Attorney Jay Nixon* reached a settlement with Morton Garellek, of Westmount, Quebec, d/b/a Morton Garellek and Associates, 2880474 Canada Inc., Guardian Information Systems, Guardian InfoServices, Guardian Protection Services, Guardian Security Services, Guardian Emergency, Guardian Medical Information, Emergency Medical System, EMID, and Black Blazer Investments Inc., resolving allegations that he acted through telemarketers who misrepresented that they were calling from government agencies or consumers' credit card service centers. These telemarketers attempted to obtain consumers' personal and bank account information by offering a variety of services, such as inclusion on a phony no-call list. The telemarketers used the financial information they obtained to debit consumers' bank accounts. The settlement bars Garellek from doing business in Missouri and requires him to pay \$10,000 in restitution and \$25,000 to the state.

August 2003:

### **Florida Settles With Members Platinum**

*Florida Attorney General Charlie Crist* reached a settlement with Nevada-based Members Platinum, Inc., resolving claims its telemarketers deceptively marketed a credit enhancement program to consumers. Consumers were misled into believing Members Platinum could improve their credit standing and help them obtain a major credit card for \$199.95. Consumers received an information packet containing written materials about applying for a credit card and received a Members "credit" card that could be used to purchase items only from a catalog. Members Platinum agreed to pay \$53,000 in restitution and penalties and ceased its business operations.

October 2003:

### **Illinois and Minnesota File Suits Against Collect Call Telemarketers**

*Illinois Attorney General Lisa Madigan and Minnesota Attorney General Mike Hatch* filed separate suits against New Mexico- and Nevada-based American Directory Services, Inc. and Talk Too Me, LLC d/b/a 00 Operator Services, and American Directory Services, of Sarasota, Florida, alleging they defrauded small businesses by placing collect calls to the businesses and demanding payment for those calls. American Directory Services placed the calls, while Talk Too Me provided collect call services. The defendants sent consumers "Final Notice" billing statements for \$28.84 on which Talk Too Me identified itself as the "00 Operator" and American Directory Services was identified as the initiator of the call. Most complaining businesses denied receiving or accepting a collect call or stated they accepted them only after telemarketers actively misled them into accepting the call. Businesses who attempted to contact Talk Too Me found that the line was busy or the call would not go through. Businesses that tried to contact American Directory Services found its number was disconnected.

### **Missouri Files Suit Against "Nonprofit" AmeriDebt**

*Missouri Attorney General Jay Nixon* filed suit against Maryland-based AmeriDebt a/k/a Deblicated, Inc., Debtworks Inc., Ballenger Group Inc., Ballenger Group Holding Inc., Infinity Resources (later renamed F&M Mortgage, Inc. and Fidelity and Trust Mortgage, Inc.), and owners Andris and Eriks Pukke. Attorney General Nixon alleges that, while AmeriDebt tells consumers it is a "nonprofit" that operates at cost and does not make money, the company functions like a profit-driven enterprise. Employees referred to as "credit counselors" or "debt professionals" are actually salespeople selling fee-based debt management plans that provide no significant help with budgeting.

Attorney General Nixon alleges AmeriDebt aggressively advertises that it charges no up-front fee to consumers, but downplays or hides that the payments it charges do not go to the creditors, but are retained by the company. Attorney General Nixon alleges that these fees add between \$1,000 and \$2,000 to the amount consumers must pay to satisfy their debts.

The suit seeks an order voiding any contract made between Missouri consumers and AmeriDebt, restitution of money not forwarded to creditors, civil penalties of up to \$1,000 per violation, costs, and attorneys' fees.

### **Vermont Settles With Paid Fundraiser**

*Vermont Attorney General William Sorrell* reached a settlement with New Jersey-based Civic Development Group [CDG], alleging it misrepresented that all donations it solicited would benefit Memorial, a charitable organization constructing and maintaining a memorial to firefighters and police officers. According to Attorney General Sorrell, CDG gave only 15% of the total proceeds to Memorial. Attorney General Sorrell also alleged CDG did not provide its telephone number to prospective donors when requested. The settlement requires CDG to comply with Vermont's charities laws and ensure that all disclosures it makes to prospective

donors are clear and conspicuous. CDG must pay \$10,000 to the Memorial and \$5,000 in investigatory costs.

December 2003:

### **Missouri Orders Canadian Lottery to Cease and Desist**

*Missouri Attorney General Jay Nixon issued a cease and desist order against Montreal-based International Protection Center, prohibiting IPC from calling into Missouri. IPC's telemarketers contacted consumers and instructed them to pay a fee of up to \$700 to claim a \$1 million jackpot. If IPC violates Attorney General Nixon's order, it could face felony charges of unlawful marketing, a maximum penalty of four years imprisonment, and a \$5,000 fine.*

April 2004:

### **Illinois Files Suit Against Fundraisers**

Illinois Attorney General Lisa Madigan filed suit against Texas-based Veteran Police Association (VPA), Vet-Pol Advertising, Inc. d/b/a V.P.O., Inc. and VPA President Peter Ruderschmidt. The suit alleges that Vet-Pol solicited donations to VPA, falsely claiming that donations would support the needy, a Junior Police Academy, and elder-awareness campaign, death benefits for officers' families, and crime prevention projects. The suit further alleges that neither VPA nor Vet-Pol registered to solicit in Illinois, that Vet-Pol solicitors falsely claimed to be police veterans, and that Vet-Pol solicitors failed to disclose to donors that they were professional fundraisers.

### **Pennsylvania Settles With Florida Telemarketers**

Pennsylvania Attorney General Jerry Pappert reached a settlement with Talk Too Me, LLC d/b/a 00 Operator Services and American Directory Services, resolving claims its telemarketers misled consumers into believing they were receiving collect calls from friends and relatives. When consumers realized the defendant was selling Internet directory services, they hung up, but were charged \$28.84 for staying on the line. The settlement requires Talk Too Me to provide full refunds to consumers, to permanently cease providing or assisting in placing collect telephone solicitation calls, and to pay \$2,500 in civil penalties and investigatory costs. In additions, the settlement prohibits Talk Too Me from pursuing collection of any charges related to collect-call solicitations and from engaging in unfavorable credit reporting regarding unpaid bills.

### **Pennsylvania Settles With Membership Program Offeror**

Pennsylvania Attorney General Jerry Pappert reached a settlement with Connecticut-based MemberWorks Inc., resolving allegations its telemarketers failed to adequately disclose the terms of "free" trial offers and renewal processes for membership programs. According to Attorney General Pappert, MemberWorks offered no-cost trial of membership programs, but failed to disclose that consumers were required to act on their own to cancel memberships or their credit cards would be charged. The settlement requires MemberWorks to credit or refund disputed charges brought by consumers; clearly and conspicuously disclose the fees, terms and conditions associated with trial offers; and clearly and conspicuously disclose the name of each seller offering the membership program. MemberWorks also must truthfully disclose the exact benefits, discounts, rebates, or other free offers associated with the programs and obtain the express written or taped verifiable consent of consumers prior to billing their account for membership fees. Lastly, MemberWorks must cease using the term "free" to describe incentive offers and pay \$40,000 in investigatory costs.

### **Vermont Settles With Debt Management Telemarketer**

Vermont Attorney General Bill Sorrell settled with Florida-based Integrated Credit Solutions (ICS), a company that telemarketed on behalf of a debt management company. According to Attorney General Sorrell, the defendant left pre-recorded messages and/or telemarketed consumers to enroll in a debt management program operated by Lighthouse Credit Foundation. Attorney General Sorrell alleged ICS misrepresented that consumers had been "pre-approved" for Lighthouse's services and that enrollment in the debt management program was free. ICS also allegedly failed to give consumers a three-day right to cancel and failed to register with the State as a paid fundraiser. The settlement requires ICS to comply with Vermont and federal law and refund all enrollment fees collected from Vermonters. ICS also must pay \$30,000 in attorneys' fees and investigatory costs.

October 2004:

### **Vermont Announces Settlement With North American Telephone Network**

*Vermont Attorney General William Sorrell* announced that Atlanta-based North American Telephone Network, L.L.C. has paid \$25,000 to the State of Vermont to settle claims that it violated Vermont's Consumer Fraud Act in the course of telemarketing long-distance phone plans. According to an Assurance of Discontinuance, North American Telephone Network offered long-distance telephone service plans, such as an initial 1,000 "free" minutes, for which consumers had to pay a fee in order to access.

May 2005:

### **Missouri Sues Investment Offerors**

*Missouri Attorney General Jay Nixon* filed suit against Las Vegas-based AskGT.com; Oregon-based Rose Laboratories; and De Elroy Beeler a.k.a. John Montgomery, an agent for both companies, from Tujunga, CA. Also named is Wester S. Cooley of Delray Beach, FL., who is president of AskGT.com and affiliated with Rose Laboratories. According to Attorney General Nixon, the defendants phoned consumers and made misrepresentations while attempting to sell

shares of stock in AskGT.com. Several individuals wired their money to Beeler, and either received nothing in return or stock certificates that did not contain a seal. The securities were not registered by the Missouri Secretary of State, and Beeler was not licensed to sell securities in Missouri.

June 2005:

### **New York Halts Fundraisers**

*New York Attorney General Eliot Spitzer* obtained an order banning Liberty Productions, of North Providence, Rhode Island, and owners Thomas J. Gity and his son, Thomas J. Gity, Jr., from conducting professional fundraising in New York. The lawsuit alleged that Liberty Productions conducted fraudulent telephone solicitations on behalf of 16 police and firefighter organizations. Liberty's solicitors failed to identify themselves as professional fundraisers and falsely told potential donors that they were retired police officers, police officers-in-training, or volunteers.