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OFFICE OF THE ATTORNEY GENERAL
STATE OF ILLINOIS

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Lisa Madigan
ATTORNEY GENERAL

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Stephen Klitzman
Deputy Chief
Office of Intergovernmental Affairs
Consumer and Governmental Affairs Bureau
Federal Communications Commission
445 12th St. SW
Washington, D.C. 20554

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Federal Communications Commission
Office of the Secretary

RE: Data on telephone bill cramming complaints from Illinois residents and law enforcement actions against vendors

Dear Mr. Klitzman:

After experiencing a temporary decline from in consumer complaints from Illinois residents alleging phone bill cramming, the Illinois Attorney General's Office has seen an uptick in cramming complaints every year from 2003 to 2008 with complaints remaining at an elevated level from 2008 to the present. These complaints primarily cover wireline subscribers, however the office has noticed cramming on wireless telephone bills as well in recent years.

Since, 1996, the Illinois Attorney General's Office has filed 30 cramming-related enforcement lawsuits, alleging, among other things, that the defendants billed Illinois consumers for products and services they did not request and did not agree to purchase. For example, in September 2010, the Illinois Attorney General sued ID Lifeguards, a California company, alleging the company placed unauthorized charges on thousands of Illinois consumers' telephone bills for "identity protection assistance." On January 5, 2011, the court entered a Final Consent Decree under which the court enjoined the defendant from doing business in Illinois for five years, ordered the defendant to cancel all current contracts with Illinois consumers and grant refunds to all consumers requesting them, and make a payment to the state of Illinois.

In our experience gained throughout the course of dozens of law enforcement investigations, the solicitations directed at consumers are deceptive. Materials facts, such as the fact that the consumer is being asked to make a purchasing decision, and that he will be billed on his telephone bill, often are not disclosed clearly and conspicuously if at all. In some cases, telemarketing scripts lead consumers to believe they are agreeing to receive written information or a free trial and decide later whether to accept the offer. In reality, their silence will be construed as acceptance of the offer, and they will be billed on their telephone bills unless they take affirmative action to cancel the order. In other cases, consumers are duped into providing their information to claim a prize they allegedly won, or to obtain free recipes or coupons. This process, called co-registration, also is construed as authority to bill them on their telephone bills for products and services, but complaining consumers have no knowledge of such authorization.

For the past decade plus, the Illinois Attorney General's Office has vigorously pursued enforcement actions against entities we allege engaged in phone bill cramming. While we have had success prosecuting individual entities, a comprehensive regulatory solution would be helpful in ending this practice once and for all.

Thank you for your interest in this topic. We will be glad to provide additional information as needed.

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Sincerely,

LISA MADIGAN
Attorney General

Elizabeth Blackston
Chief, Consumer Fraud Bureau, Southern Region

Philip Heimlich
Assistant Attorney General
Consumer Fraud Bureau