

ILLINOIS ATTORNEY GENERAL LISA MADIGAN

**PRESS RELEASE**



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**For Immediate Release**

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**MADIGAN, 26 OTHER STATES FILE SETTLEMENT AGREEMENTS  
WITH COMPANIES THAT DUPED SMALL BUSINESSES INTO  
SIGNING CONTRACTS DISGUISED AS CHECKS, HOUNDED  
BUSINESSES FOR PAYMENT**

***CUSTOMERS HAVE OPPORTUNITY TO CANCEL CONTRACTS,  
RECEIVE REFUNDS***

Chicago – Attorney General Lisa Madigan today announced that Illinois small businesses and individual consumers lured into endorsing small checks – a move that automatically signed them up for a year’s advertising contract with one of two California companies – are eligible to receive full refunds and cancel their contracts under a settlement agreement entered today.

Madigan’s settlement agreement, filed in Cook County Circuit Court, prohibits Yellow Pages, Inc., doing business as [www.YellowPagesInc.com](http://www.YellowPagesInc.com), and Electronic Directories Company, LLC, from continuing to send solicitations in the form of checks and from attempting to renew the contracts of non-paying customers. The settlement also prohibits Continental Recovery Services, a California collection agency, doing business as Continental Recovery and Filing Solutions and CRF Solutions, from engaging in collection efforts for the check solicitations on behalf of Yellow Pages, Inc., and Electronic Directories.

Similar settlement agreements were filed this morning in 26 other states.

“The practice of soliciting business by hiding contracts on the back of checks is a deceptive and fraudulent way to gain clients,” Madigan said. “Illinois customers of Yellow Pages, Inc., and Electronic Directories have until June 25 to obtain a refund of monies paid as a result of these deceptive check solicitations. We urge those customers to contact our office as soon as possible.”

In February 2005, Madigan’s office filed a lawsuit against Yellow Pages, Inc., and Continental Recovery. Electronic Directories was added to the settlement agreement after it was found to control the Internet advertising portion of this check solicitation scheme.

In addition to reforming their marketing practices, Yellow Pages, Inc., and Electronic Directories have agreed to pay \$25,000 to the Illinois Attorney General’s consumer education fund.

Madigan's office has received a total of 55 consumer complaints against Yellow Pages, Inc., from small businesses and individuals in the following counties: Champaign, Clay, Cook, DuPage, Effingham, Henry, Kane, Kankakee, Lake, Macon, McHenry, McLean, Montgomery, Piatt, Rock Island, Saline, Sangamon, St. Clair, Tazewell, Union, Warren, Washington, Williamson and Woodford Counties.

The investigation into Yellow Pages, Inc., revealed that the company sent 277,779 check solicitations to Illinois businesses and 8,783 of those check solicitations were cashed. Of those businesses that cashed the checks, 1,878 paid at least \$100 for Yellow Pages, Inc.'s services.

Madigan's February 2005 lawsuit alleged that by mailing unsolicited checks in amounts of \$3.47 or \$3.49 to small businesses, Yellow Pages, Inc., tricked small businesses into entering advertising contracts for \$177 or \$179 to promote their businesses. Although the "contract" is in very small print on the back of the checks, the companies claimed that when a small business or individual endorsed such a check, they became responsible for a one-year contract with the company. The collection agency was then sent to enforce those contracts.

Yellow Pages, Inc., allowed the businesses 30 days from the date the solicitation checks were cashed to cancel the contracts, but Madigan's lawsuit alleged that many of the businesses were not even aware they had entered into a contract until after that 30-day period ended. Some of the companies allegedly first learned of their contracts with Yellow Pages, Inc., when they began receiving collection letters from Continental Recovery Services.

In addition, some of the Illinois businesses receiving these solicitation checks already had accounts with the local telephone company's Yellow Pages directories. The small businesses told Madigan's office that upon receiving the solicitations, they assumed the solicitation check was a refund or other payment related to their advertising contract and immediately deposited the money. However, Yellow Pages, Inc., is in no way connected to the Yellow Pages directories compiled across the country by various local telephone providers.

Madigan's lawsuit alleged Yellow Pages, Inc., turned over the unpaid contracts to Continental Recovery for collection. Continental Recovery then allegedly illegally added interest to the balances being collected on behalf of Yellow Pages, Inc.

Madigan's office charged both companies with violations of the Illinois Consumer Fraud and Deceptive Business Practices Act. Continental Recovery also was charged with violations of the Illinois Collection Agency Act for failing to register with the Illinois Department of Financial and Professional Regulation as a collection agency.

The 26 other states filing settlement agreements today include Alabama, Alaska, Arizona, Arkansas, California, Delaware, Florida, Georgia, Idaho, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Jersey, North Dakota, Oregon, Pennsylvania, Tennessee, Texas, Washington and Wisconsin.

All Illinois consumers who cashed solicitation checks sent by Yellow Pages, Inc., or Electronic Directories but did not pay for services will automatically have their contracts cancelled. In addition, Illinois customers of Yellow Pages, Inc., and Electronic Directories who did pay for services after cashing solicitation checks can receive refunds by contacting Madigan's office within 60 days of the settlement agreement – before June 25. Illinois customers should call Madigan's Consumer Fraud Hotline at one of the following numbers:

**Chicago:** 1-800-386-5438 and 1-800-964-3013 (TTY)  
**Springfield:** 1-800-243-0618 and 1-877-844-5461 (TTY)  
**Carbondale:** 1-800-243-0607 and 1-877-675-9339 (TTY)  
**Spanish-language hotline:** 1-866-310-8398

Assistant Attorney General Henry J. Ford, Jr., handled the case for Madigan's Consumer Protection Division.

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