



For Immediate Release

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**MADIGAN, 33 OTHER STATES REACH SETTLEMENT TO STOP
"ACTIVATION CHECK" SCHEME
*CONSUMERS HAVE THE OPPORTUNITY TO CANCEL THEIR
SUBSCRIPTIONS AND RECEIVE REFUNDS***

Chicago — Attorney General Lisa Madigan today announced that Illinois and 33 other states have reached a settlement agreement with YP Corp. (doing business as YP.com, YP.net and Yellow-Page.net), and its wholly owned subsidiary Telco Billing to cease their use of activation checks.

According to the terms of the settlement agreement, YP Corp. has agreed to stop using activation checks as the sole device with which to obligate businesses to purchase its products and services. Upon deposit, these checks would automatically subscribe consumers to YP's enhanced online yellow pages listing. The consumers' endorsement of the activation check provided YP with the authorization to bill consumers monthly in amounts ranging from \$27.50 to \$39.95. YP would then primarily bill these business consumers through their local telephone company bills (LEC billing) or through automated withdrawals from their bank accounts (ACH billing). Because of YP's billing methods, many businesses were unaware that they had purchased and were paying for an online enhanced listing.

As a result of the multi-state investigation, YP Corp. ceased using the activation check for solicitation purposes on October 30, 2006 and, as part of the settlement agreement, YP Corp. has agreed to permanently discontinue using these checks. Also as part of the settlement, YP Corp. has agreed to pay a total of \$2,000,000 to the states, with \$77,105 directed to Illinois - \$62,105 for use as restitution to consumers and \$15,000 for future enforcement of the consumer fraud laws.

The states' investigation revealed that between January 1, 2003 and November 30, 2006, consumers throughout the United States endorsed approximately 558,000 activation checks in amounts varying from \$3.17; \$3.25; \$3.50 and \$3.87. This scheme impacted nearly 31,800 Illinois businesses, churches, and non-profits. In response to this scheme, Madigan's office received 66 consumer complaints: 25 against Yellow-Page.net; and 41 against YP.com.

The 33 other states that reached similar agreements with YP and Telco are: Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Idaho, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada,

New Hampshire, New Jersey, North Carolina, North Dakota, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Washington, West Virginia and Wyoming.

As part of the settlement agreement, YP has agreed to mail to all of its current consumers a notification of the settlement agreement, along with cancellation forms and refund request forms. Under the agreement, YP must honor requests for cancellations and refunds that are postmarked by February 28, 2007.

In Illinois, consumers with cancelled accounts can obtain a full or partial refund of payments made to YP and Telco by mailing a complaint, with supporting documentation and a refund request, to the Office of the Illinois Attorney General, postmarked no later than **March 1, 2007**.

Consumers should mail complaints to:
Office of the Illinois Attorney General
Consumer Protection Division
100 W. Randolph, 12th Floor
Chicago, IL 60601
Attn: YP Corp. Settlement

Illinois consumers with questions 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: 1-800-243-0615 and 1-877-844-5461 (TTY)
Carbondale: 1-800-273-0607 and 1-877-675-9339 (TTY)
Spanish-language hotline: 1-866-310-8398

Assistant Attorneys General Henry J. Ford Jr. and Cecilia Abundis handled the case for Madigan's Consumer Protection Division.

-30-

[Return to December 2006 Press Releases](#)