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May 12, 2009

MADIGAN SUES CALIFORNIA COMPANY FOR PHONE BILL CRAMMING

Chicago — Attorney General Lisa Madigan today filed a lawsuit in Sangamon County Circuit Court against a Chatsworth, Calif.-based company and its owner for allegedly "cramming" consumers' phone bills with unauthorized monthly charges to cover cell phone repair warranties.

"This case demonstrates how schemers will go to great lengths to trap consumers into paying unfair charges and fees for services they never authorized or needed," Madigan said. "I urge consumers to thoroughly examine their phone bills every month to make sure that they are not being unfairly billed."

Madigan's complaint alleges that the defendants, Minilec Warranty ISP, LLC., and its owner, Martin A. Schwartz, market cell phone warranties on the Internet at third-party Web sites. Consumers who sign up for the warranty deal must provide their name, home telephone number, cell phone number, e-mail address, zip code and cell phone brand name. The registration process informs the consumer that the warranty service will cost \$29.95 per year but fails to clearly disclose that the charge will appear on consumers' local telephone bills.

Madigan's Consumer Fraud Bureau has received 17 complaints against Minilec since 2007, including complaints from consumers who say they never visited the Web site or authorized the purchase of the warranty service. Madigan's suit alleges that the defendants violated the Illinois Consumer Fraud and Deceptive Business Practices Act by placing unauthorized charges on consumers' phone bills. According to the complaint, the defendants also deceptively characterize the charges on consumers' telephone bills as a monthly Internet service fee despite claiming online that consumers will be billed for cell phone warranties. The charges allegedly appear on phone bills as "MINILEC ISP WARRANTY INET 1X SETUP FEE" for \$10.00 and "MINILEC ISP WARRANTY INET MONTHLY FEE" for \$19.95.

The complaint asks the court to enter a permanent injunction to ban the defendants from doing business in Illinois. The suit also asks the court to order the defendants to pay restitution for consumers, civil penalties of \$50,000 for violating the Consumer Fraud and Deceptive Business Practices Act, and an additional \$50,000 for each violation committed with the intent to defraud.

Assistant Attorney General Philip Heimlich is handling the case for Madigan's Consumer Fraud Bureau in Springfield.

To file a complaint with Madigan's office, consumers can download a consumer complaint form from the Attorney General's Web site at www.illinoisattorneygeneral.gov or call the Attorney General's Consumer Fraud Hotline at:

Chicago Consumer Fraud Hotline: 1-800-386-5438

Springfield Consumer Fraud Hotline: 1-800-243-0618

Carbondale Consumer Fraud Hotline: 1-800-243-0607

Spanish Language Hotline: 1-866-310-8398

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