



November 10, 2009

MADIGAN SUES COMPANIES FOR CREDIT CARD INTEREST RATE SCHEME

Attorney General Warns Consumers About Telemarketers' Claims of Immediate Savings

Chicago - Attorney General Lisa Madigan today filed a lawsuit targeting a telemarketing scam that promises to immediately reduce consumers' credit card interest rates but ultimately fails to achieve any savings for consumers.

"During these difficult economic times, consumers are understandably looking for ways to ease the burdens of rising debt," Madigan said. "But I urge consumers to be wary when solicitors try to make tempting claims of 'immediate' savings. In such cases, the schemers rarely deliver and usually leave consumers in an even worse financial situation than before."

Madigan filed a lawsuit today in Sangamon County against Priority Direct Marketing International, Inc. (PDMI), a Bedford, Texas-based telemarketing firm run by its President, William Fithian, and Advanced Management Services NW, LLC (AMS), a Spokane, Wash.-based firm owned by Ryan Bishop. The suit alleges that the two companies work in a concerted telemarketing scheme to solicit and enroll consumers in deceptive debt negotiation service agreements that promise to immediately reduce consumers' credit card interest rates, with a guaranteed savings of \$2,500. PDMI and AMS telemarketing representatives allegedly promise consumers that the companies will negotiate with consumers' credit card companies to lower interest rates, and will provide full refunds if they are unsuccessful.

After consumers agree to enroll in the program, the telemarketing schemers allegedly charge consumers' credit cards for set up fees ranging from \$391 up to \$1,590. The defendants allegedly tell consumers that these fees will be reimbursed at a later date by the consumers' banks. Only after consumers' credit cards are charged for the setup fees do they receive any documentation on the program's terms and conditions, which on several points, contradict the telemarketers claims in their sales solicitations. Specifically, the defendants misleadingly claim that they can guarantee an interest rate reduction for all customers or provide full refunds in instances where rate reductions are not secured. When customers have requested refunds, after the defendants have failed to negotiate any interest rate reductions, the defendants allegedly refuse altogether or give refunds minus a non-refundable \$199 fee that was not disclosed during the sales pitch.

Attorney General Madigan's lawsuit charges the defendants with violating the Illinois Consumer Fraud and Deceptive Business Practices Act by misrepresenting the services they provide to consumers and the effects the services will have on consumers' credit. The suit asks the court to enter a permanent injunction barring the defendants from engaging in debt settlement in Illinois and to order the defendants to pay restitution for complainants, civil penalties of \$50,000 for violating the Consumer Fraud Act, and an additional \$50,000 for each violation committed with the intent to defraud.

Assistant Attorney General Melodi Green is handling the cases for Madigan's Consumer Fraud Bureau in Springfield.

Attorney General Madigan advised consumers looking for legitimate financial assistance to consider credit counseling services that charge modest fees and provide true financial and budget counseling based on a consumer's personal circumstances. Madigan provided the following tips on choosing a credit counseling service:

- Find a legitimate credit counseling firm in your area by visiting the National Foundation for Credit Counseling at www.nfcc.org.
- Check with the Illinois Department of Financial and Professional Regulation at http://www.idfpr.com/dfi/ccd/licensees/Debt_Management_Licensees.HTM for a list of credit counseling companies licensed in Illinois.
- Check with the Attorney General's Consumer Fraud Hotline and the Better Business Bureau to determine if any consumers have filed complaints against the company. Visit www.illinoisattorneygeneral.gov or call:

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

- Before agreeing to any credit counseling service, ask for and review the terms and conditions of the service in writing. Ask about all fees-the amounts, whether they must be paid upfront, if they are refundable-and what exact services are provided.

-30-

[Return to November 2009 Press Releases](#)

