



February 28, 2012

**MADIGAN: BAN ON PHONE BILL 'CRAMMING' CLEARS HOUSE COMMITTEE**

**Springfield** — Attorney General Lisa Madigan today announced the House Consumer Protection Committee unanimously approved a measure to ban phone bill 'cramming,' a scam that has left hundreds of thousands of Illinois individuals and businesses stuck with unwanted, bogus charges on their phone bills.

"Phone cramming is a \$2 billion annual business for scam artists preying on all types of telephone customers, from residential users to small businesses, nonprofit organizations to government agencies, most of who have never realized they've been scammed," Madigan said. "The only way to stop this scheme is by enacting a ban on third-party charges to our phone bills."

Madigan said House Bill 5211 would put an end to phone cramming, a problem that has persisted across Illinois and the country. Cramming is a scheme in which third-party vendors use phone numbers much like a credit card. The vendors add charges to phone bills for bogus products or services, such as identity theft protection, website design or email service, that consumers and businesses never asked for or wanted – and never used. Estimates indicate that telephone companies place at least 300 million third-party charges on their customers' bill each year. According to a U.S. Senate Commerce Committee report, third-party billing generates at least \$2 billion annually.

"I applaud my fellow lawmakers for their support today," said state Rep. Kelly Burke, House sponsor of the bill. "This legislation will better protect consumers from a scheme that uses their phone numbers like a credit card and has cost them millions of dollars in unauthorized charges."

To date, the Attorney General's Office has filed 30 lawsuits actions against crammers, representing more than 200,000 Illinois businesses and residences who were victim to these phone billing schemes. Take, for example, Madigan's 2009 lawsuit against US Credit Find Inc., a Venice, Calif.-based operation that crammed, among other targets, a Springfield public library's dial-a-story telephone line.

Phone cramming scams originally were perpetrated primarily through telemarketers, especially before the Do Not Call registry was established. More recently, however, the scam has flourished online. Internet users report simply submitting their phone number, among other personal information, for online prize drawings, surveys or free recipes. Weeks or months later, consumers find charges on their phone bills for unauthorized services.

HB 5211 would ban cramming – all billing by a third-party company – but include limited, common sense exceptions for legitimate services.

Attorney General Madigan has previously advocated for a nationwide ban on phone bill cramming, testifying last July before the U.S. Senate Commerce Committee and the Federal Communications Commission.

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