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MADIGAN, FTC, BBB & ADVOCATES WARN CONSUMERS TO PHONE BILL SCAM

Chicago — Attorney General Lisa Madigan today joined with the Federal Trade Commission, Chicago Better Business Bureau and consumer advocates to warn Illinoisans about a scam known as phone bill ‘cramming’ that has hit hundreds of thousands of consumers and businesses with bogus charges on their phone bills.

“Phone bill cramming is one of the most pervasive scams today,” Attorney General Madigan said. “Scam artists use consumers’ phone numbers like credit cards, racking up charges for things they never ordered and don’t want, and profiting to the tune of \$2 billion each year. Only a statewide ban on third-party charges will put an end to this scheme.”

Joining Madigan in Chicago to recognize National Consumer Protection Week were Steven Baker, director of the FTC Midwest Region; Steve Bernas, president and CEO of the BBB of Northern Illinois and Chicago; David Kolata, executive director of Citizens Utility Board; Bob Gallo, AARP Illinois director; and Lynda Delaforgue, co-director of Citizen Action/Illinois.

Phone bill cramming is a scheme that has persisted across Illinois and the country 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.

“In today’s computerized fast moving world, account numbers represent who and what we are and what you will be charged for. For better or for worse, it’s a fact of modern life and cramming is an insidious method of stealing or redirecting your personal information just as much as your credit card account numbers or your social security number,” said Steve J. Bernas, president and CEO of the Better Business Bureau serving Chicago and Northern Illinois. “Consumers and businesses alike must check their invoices, and question changes or unexpected charges immediately to mitigate potential cost or service changes brought on by these cramming activities.”

This year, Madigan is working with state Rep. Kelly Burke and Sen. David Koehler to pass and implement House Bill 5211 that would put an end to cramming. The bill would ban cramming – all billing by a third-party company – but include limited, common sense exceptions for legitimate services.

To date, the Attorney General’s Office has filed 30 lawsuits against crammers, representing more than 200,000 Illinois businesses and residences who were victim to these phone billing schemes. Apparently no one is safe from crammers. Take, for example, Madigan’s 2009 lawsuit, which showed US Credit Find Inc., a Venice, Calif.-based operation, 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.

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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