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MADIGAN: AT&T, VERIZON BAN PHONE 'CRAMMING' SCAM AS STATE LEGISLATION TO STOP PRACTICE ADVANCES

Chicago — Attorney General Lisa Madigan today commended two national telephone companies for implementing bans to end a pervasive scam known as “cramming” that has hit hundreds of thousands of consumers and businesses with bogus charges on their phone bills.

The announcements by AT&T and Verizon to prohibit all third-party billing within their operations occurred as Madigan continues to push for universal bans in Illinois and on the federal level. Cramming is a scheme in which third-party vendors use consumers’ phone numbers much like a credit card – adding 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 and never used.

“An outright ban on third-party billing is the only way to stop this scam and protect consumers,” Madigan said. “Thanks to efforts on the state and federal level, the major phone companies are moving in the right direction, but until an industry-wide ban is in effect, we will continue to pursue our legislation to put an end to this abusive billing practice that’s costing consumers untold millions.”

Madigan is working in Springfield this spring to pass House Bill 5211, a statewide ban on all billing by a third-party company with only limited, commonsense exceptions for legitimate services. Last year, Madigan testified before the U.S. Senate Commerce Committee and filed comments with the Federal Communications Commission calling for a similar, nationwide ban.

To date, Madigan’s office has filed 30 lawsuits against crammers, representing more than 200,000 Illinois businesses and residents who were victims of these phone billing schemes.

Telephone companies place an estimated 300 million third-party charges on their customers’ bills each year, and, according to a U.S. Senate Commerce Committee report, third-party billing generates at least \$2 billion annually. The 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.

-30-

[Return to March 2012 Press Releases](#)



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