



May 30, 2012

MADIGAN: 'CRAMMING' BAN PASSES OUT OF LEGISLATURE***Bill to Outlaw Third-Party Phone Charges Goes to Governor for Approval***

Springfield — Attorney General Lisa Madigan today applauded House and Senate lawmakers for supporting a ban on phone bill “cramming,” a scam that has hit hundreds of thousands of Illinois consumers and businesses with bogus charges on their phone bills.

Cramming happens when third-party vendors use consumers’ phone numbers much like a credit card. They 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 requested – and never used.

House Bill 5211, which now goes to the governor for consideration, would ban all billing by a third-party company with some limited, commonsense exceptions for legitimate services. Estimates indicate that telephone companies place at least 300 million third-party charges on their customers’ bills each year. According to a U.S. Senate Commerce Committee report, third-party billing generates at least \$2 billion annually.

“For too long, phone companies and scam artists have made millions by ‘cramming’ charges for unwanted and unused services on subscribers’ monthly bills,” Madigan said. “This legislation will finally stop scammers from using our phone number as a credit card for their fraudulent services by prohibiting phone companies from placing other companies’ charges on our phone bills.”

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 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.

“The people of Illinois lose hundreds of thousands of dollars each year to these telephone bill scams,” said Sen. David Koehler, Senate bill sponsor. “Banning third-party billing is a simple, common-sense solution to a problem that affects thousands of Illinois families and businesses.”

“I applaud my fellow lawmakers for their support today,” said Rep. Kelly Burke, House bill sponsor. “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 against crammers, representing more than 200,000 Illinois businesses and residents who were victim to these phone billing schemes. Among the most glaring of targets for these scams was cited in Madigan’s 2009 lawsuit against US Credit Find Inc., a Venice, Calif.-based operation, which crammed a Springfield public library’s dial-a-story telephone line. Last summer, Attorney General Madigan also advocated for a nationwide ban on phone bill cramming, testifying in July 2011 before the U.S. Senate Commerce Committee and filing comments with the Federal Communications Commission.

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