



NETWORK NEWS

NETWORK NEWS IS A PUBLICATION OF CONSUMER SENTINEL, LAW ENFORCEMENT'S SOURCE FOR CONSUMER COMPLAINTS

THE PHONE-Y COMPANY.

A U.S. District Court has frozen the assets of a Canadian operation and, pending resolution in court, temporarily stopped it from billing businesses in the U.S. and Puerto Rico for directory listings they didn't order. According to the FTC complaint, Enterprise Who's Who and PCM Collections and its CEO, Rodolfo Garcia Rodriguez, Jr., called Spanish-speaking businesspeople and claimed to represent the Yellow Pages or local telephone company to verify or update the business' name, address, and phone number. The defendants sent phony invoices to the businesses, tried charging them hefty "cancellation" fees, sent threatening letters, and dunned them.

Read more: ftc.gov/opa/2008/10/yellowpages.shtm. ■■■

\$114 MILLION BACK TO CONSUMERS.

CompuCredit Corporation has settled FTC charges that it deceptively marketed Visa and MasterCard credit cards to consumers in the subprime market. CompuCredit will reverse the fees charged to eligible consumers' accounts, resulting in more than \$114 million in credits. Eligible consumers whose current balances are less than the amount of credits to be applied will get cash refunds, estimated to total \$3.7 million.

Read more: ftc.gov/opa/2008/12/compucredit.shtm. ■■■

MORTGAGE PRICING DISCRIMINATION.

A home mortgage lender has agreed to settle FTC charges that it violated federal law by charging African-American and Hispanic consumers higher prices than non-Hispanic white consumers for mortgages --- price disparities that couldn't be explained by the applicants' credit characteristics or underwriting risk. Gateway Funding Diversified Mortgage Services, L.P., and its partners allegedly gave loan officers nearly complete discretion to charge — and keep a percentage of — "over-ages" that included higher interest rates and higher up-front charges. The settlement imposes a judgment of \$2.9 million, all but \$200,000 of which is suspended based on the defendants' inability to pay.

Read more: ftc.gov/opa/2008/12/gateway.shtm. ■■■

STAT-O-SPHERE

According to the Sentinel Consumer Fraud and Identity Theft Complaint Data Report for 2007, consumers reported fraud losses of over **\$1.2 billion**; the median monetary loss was \$349. Eighty-nine percent of the consumers reporting fraud also reported an amount paid.

Read more: ftc.gov/sentinel/reports/sentinel-annual-reports/sentinel-cy2007.pdf. ■

CONSUMER SENTINEL - NEW AND IMPROVED

Learn more about the updated Sentinel at ftc.gov/sentinel.

Then, join the list of law enforcers who are already there:

Register.ConsumerSentinel.gov. ■

STOCK UP!

Order free FTC materials at

ftc.gov/bulkorder. ■

COMMUNITY BEAT:

NATIONAL CONSUMER PROTECTION WEEK 2009

NCPW 2009 — *Nuts and Bolts: Tools for Today's Economy* — focuses on giving consumers the tools they need to make smart financial decisions in today's marketplace. Information can help people get the most for their money, whether they are trying to stretch their paychecks, find a quick fix for a spotty credit history, or tell the difference between a real deal and a potentially fraudulent product or service. Learn how to participate in NCPW at consumer.gov/ncpw. ■■■

ON GUARD ONLINE 2.0

Since September 2005, more than 8.1 million visitors have learned about computer security at OnGuardOnline.gov and AlertaEnLinea.gov, its Spanish-language counterpart. Now, a Web 2.0 redesign allows users to grab and embed games and videos, search for topics on the site, and have a more interactive experience while getting useful tips and information on 16 topics, including social networking, phishing, spam scams, and laptop security. Check out the games and articles, get buttons and banners to help you link from your site, and find out how to order free publications and share the materials from On Guard Online partners at events in your local community. To learn more, visit OnGuardOnline.gov. ■■■

NOT A MYSTERY

An operation that lured consumers with promises that they could earn big money as trained and certified "mystery shoppers" has agreed to pay \$850,000 to settle charges of deceptive marketing and contempt. Mystery shoppers are paid to shop or dine out and then provide reports about the experience. According to the FTC, Mystery Shop Link, LLC and its partners claimed to have many such positions available and that, in exchange for a fee, consumers could earn a steady income as mystery shoppers. Most consumers never got the jobs or earned any money. Read more: ftc.gov/opa/2008/12/mysteryshop.shtm. ■■■

COMMENTS, QUESTIONS, OR KUDOS?

Got an idea or a success story? Should we profile your agency? Want to share an article idea?

Email sentinel@ftc.gov and let us know! ■■■

COMING EVENTS: FRAUD FORUM

The FTC will host a Fraud Forum on February 25 and 26, 2009, to examine how to better protect consumers from scams. On the first day, law enforcers, consumer advocates, business representatives, and academics will discuss the extent of fraud in the economy; how scammers learn the tools of the trade; who's at greatest risk of fraud; and what opportunities exist for improved industry self-regulation. The second day will be open only to domestic and international law enforcement officials. Send comments to fraudforum@ftc.gov. A live Webcast of the workshop will be available at ftc.gov.

Read more: ftc.gov/bcp/workshops/fraudforum. ■■

SUCCESS STORY: PHONE CARD FRAUD.

The FTC has settled its charges against a group of Canadian telemarketers who allegedly fraudulently marketed telephone cards from Canada to U.S. citizens. According to the FTC, the defendants, 9131-4740 Québec, Inc. and JPE Holdings, Inc., had their telemarketers pose as consumers' bank or credit card companies and promise that for \$1 they would send a long-distance calling card for a seven- or 10-day trial period. They told people that the dollar would be billed to their credit cards or debited from their bank accounts and that if they accepted the offer, they would receive the calling card and instructions for using or canceling it.

In many instances, the defendants didn't send the calling card and information, but continued billing them as if they had agreed to keep the service -- a \$19.95 one-time "activation fee" plus a \$49.95 monthly fee. When consumers complained, the defendants typically insisted that the card had been sent. The defendants also allegedly billed people for \$24.95 without notice or any other prior contact. The defendants also called consumers whose numbers were on the National Do Not Call Registry without paying to access the Registry. The settlement requires them to pay \$3.46 million, all but \$10,000 of which has been suspended based on their inability to pay. If it turns out that they lied about their financial condition, the entire amount would become due.

Read more: ftc.gov/opa/2008/12/fusion.shtm. ■■■

Learn more about Consumer Sentinel at ftc.gov/sentinel

To join Consumer Sentinel, visit Register.ConsumerSentinel.gov