



# NETWORK NEWS

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

## TOP COMPLAINTS OF 2008

The FTC has released its "Consumer Sentinel Network Data Book for January-December 2008." For the ninth year in a row, identity theft was the number one consumer complaint category — 26 percent of the complaints consumers filed during 2008. The FTC began the CSN in 1997 to collect fraud and identity theft complaints. The database now has more than 7.2 million complaints, including those about credit reports, debt collection, mortgages, and lending, among other subjects. This is the first CSN annual report that analyzes the broadened database. The report breaks out complaint data state-by-state, and contains data about the 50 metropolitan areas reporting the highest per capita incidence of fraud and other complaints.

Read more: [ftc.gov/opa/2009/02/2008cmpts.shtm](http://ftc.gov/opa/2009/02/2008cmpts.shtm). ■■■

## TRUE-D'OH

A federal judge has ordered infomercial marketer Kevin Trudeau to pay more than \$37 million for violating a 2004 stipulated order by misrepresenting the contents of his book, "The Weight Loss Cure 'They' Don't Want You to Know About." In August 2008, a federal judge banned Trudeau from producing or publishing infomercials for products in which he has a financial interest for three years. Read more: [ftc.gov/opa/2009/01/trudeau.shtm](http://ftc.gov/opa/2009/01/trudeau.shtm). ■■■

## ELECTRIFYING

The marketers of Ab Force belts will pay \$7 million to settle FTC charges that they made false and deceptive claims that their device — which applies electronic stimulation to the abdominal muscles — would cause people to lose weight, would create well-defined abdominal muscles, and would be an effective alternative to conventional exercise. People bought more than 700,000 Ab Force belts and accessories.

Read more: [ftc.gov/opa/2009/01/telebrands.shtm](http://ftc.gov/opa/2009/01/telebrands.shtm). ■■■

## DO NOT CALL

By federal court order, two groups of vacation and timeshare companies will pay a total of almost \$1.2 million for violating the FTC's Do Not Call Rule. Central Florida Investments, Inc., Westgate Resorts, Ltd., and All In One Vacation Club, LLC — and their affiliated companies — called people whose phone numbers were on the Do Not Call Registry without having their consent or an "established business relationship." Read more: [ftc.gov/opa/2009/01/westgate.shtm](http://ftc.gov/opa/2009/01/westgate.shtm). ■■■

## STAT-O-SPHERE

Third Party and Creditor Debt Collection is the second largest category of complaints filed with Sentinel in 2008 — more than 104,000 complaints. That's nine percent of the 2008 complaints consumers filed with Sentinel. ■

## SPEAKING OF DEBT COLLECTION...

The FTC recently recommended updating the Fair Debt Collection Practices Act to require that collectors get better information so they're more likely to pursue the right consumer for the correct debt amount, and do a better job telling people their rights under the FDCPA. Get the report: [ftc.gov/bcp/workshops/debtcollection/dcwr.pdf](http://ftc.gov/bcp/workshops/debtcollection/dcwr.pdf). ■

## CONSUMER SENTINEL NETWORK-NEW AND IMPROVED

Learn more about the updated Sentinel at [ftc.gov/sentinel](http://ftc.gov/sentinel).

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

[Register.ConsumerSentinel.gov](http://Register.ConsumerSentinel.gov). ■

## COMMUNITY BEAT: SEEING THROUGH STIMULUS SCAMS

With talk of stimulus plans ruling the news, it's no surprise a new round of stimulus scams are afoot. Scam artists are tapping into the headlines to reel in unsuspecting consumers. You've probably seen the ads: they feature photos of President Obama and Vice President Biden and claim anyone that applies can get free money. They claim the official Stimulus Package gives out easy-to-get grants for virtually anyone who applies. They offer compelling testimonials describing people who used grant money to pay off their mortgages or fix their homes.

The FTC is warning people that the promise of stimulus money in return for a fee or financial information is always a scam. There's more than one way to perpetrate a stimulus scam, though. Pass along this advice to your clients, co-workers, and community so they can protect themselves:

**1. Remember: free is free.** Some scam artists ask you to send a small processing fee, supposedly to get a much larger check in return. That's money you'll never see again. Even if they tell you that you'll only need to pay \$1.99 for membership, don't do it. Scammers often bury fine print on their sites and can charge you hefty fees if you don't cancel your membership.

**2. Beware if someone asks for your bank account number so they can "deposit" your check.** They can use the information to clean out your account or open new ones using your identifying information.

**3. Be careful.** Some stimulus scams encourage you to click on links, open attached forms, or call phony toll-free numbers — which can install harmful software, like spyware, on your computer.

**4. If you get a message offering you money from the stimulus program in exchange for your personal information, ignore it, delete it, or throw it out.** The IRS doesn't send emails like this asking for personal information. Don't trust a rebate company claiming to have stimulus payments for you. If you get an unexpected email from someone claiming to be from the IRS and asking you to call a number or email back personal information, forward it to [phishing@irs.gov](mailto:phishing@irs.gov), then delete it without clicking on any links or opening any attachments.

**5. The government doesn't charge people to apply for a grant or to get a list of grants.** If you want to apply for a government grant, check out the free list at [www.grants.gov](http://www.grants.gov).

For more information, read Seeing Through Stimulus Scams at [ftc.gov/bcp/edu/pubs/consumer/alerts/alt125.shtm](http://ftc.gov/bcp/edu/pubs/consumer/alerts/alt125.shtm). ■ ■ ■

## SUNTASIA

Fourteen defendants involved in Suntasia Marketing, Inc.'s, massive telemarketing scheme will pay more than \$16 million to settle FTC charges that they deceptively marketed memberships in discount buyer's and travel clubs to nearly a million consumers nationwide. The FTC alleged that the defendants tricked people into divulging their bank account information and then charged them without authorization. Suntasia victims will get an additional \$33 million as part of another settlement between the Office of the Comptroller of the Currency (OCC) and Wachovia Bank, N.A., which allegedly processed thousands of unauthorized demand drafts on Suntasia's behalf.

Read more: [ftc.gov/opa/2009/01/suntasia.shtm](http://ftc.gov/opa/2009/01/suntasia.shtm). ■ ■

## AT THEIR DISPOSAL

The FTC has charged a mortgage broker with discarding people's sensitive personal and financial information in an unsecured dumpster, in violation of federal law. According to the FTC, Gregory Navone didn't implement policies for secure disposal and allowed 40 boxes of tax returns, mortgage applications, bank statements, photocopies of credit cards and drivers' licenses, and at least 230 credit reports to be thrown out in a publicly accessible dumpster.

Read more: [ftc.gov/opa/2009/01/navone.shtm](http://ftc.gov/opa/2009/01/navone.shtm). ■ ■

## DOWN IN THE DUMP-STERS

CVS Caremark will settle FTC charges that it failed to take reasonable and appropriate security measures to protect the sensitive financial and medical information of its customers and employees. The FTC opened its investigation into CVS Caremark following media reports from across the country that pharmacies were throwing trash in open dumpsters — trash that contained personal information including patient names, addresses, medication, dosages, employment applications, social security numbers, and payroll, credit card, and insurance card information. In a related case, the company agreed to pay \$2.25 million to resolve Department of Health and Human Services allegations that it violated the Health Insurance Portability and Accountability Act (HIPAA).

Read more: [ftc.gov/opa/2009/02/cvs.shtm](http://ftc.gov/opa/2009/02/cvs.shtm). ■ ■

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