

January 2, 2007

TELEMARKETING TOPS LIST OF CONSUMER COMPLAINTS

BISMARCK – Telemarketers and telemarketing scams lead the list of top ten consumer complaint categories in 2006, reported Attorney General Wayne Stenehjem. Telemarketing complaints come from a variety of different categories, including lotteries, government grants scams, sweepstakes, magazine subscriptions, and discount buying clubs. Telemarketing comprised 44% of the top ten complaints in 2005.

“Telemarketing scams now are the number one consumer headache in North Dakota,” said Stenehjem. “Consumers are inundated with telemarketing scams, as well as fraud perpetrated through the mail and via the Internet. The frauds associated with telemarketing calls are multiplying and telemarketers are getting more creative with the scams.” According to Stenehjem illegal foreign lotteries continue to be a primary source of telemarketing fraud.

Telemarketers employ high pressure tactics and read from scripts designed to confuse and trick people into believing they are being offered a great deal. Usually there is a cost, often disguised as processing fees or taxes, which the consumer must pay before receiving the prize, grant, or bargain being offered.

“Of course, this is simply a ruse so the con artist can get the consumer’s credit card or bank account number,” said Stenehjem. “While the consumer waits to receive what has been promised, the con artist simply steals the money and moves onto the next victim.”

“Scam artists usually operate from centers located outside the United States in an effort to evade the law,” said Parrell Grossman, Director of the Consumer Protection Division. “This makes it almost impossible to recover money lost by the victims of these scams.”

2006 “top ten” complaints:

1. Telemarketing (all)
2. Rebates
3. Charitable (solicitations for donations)
4. Loans/Grants (Government grants) (#3 in 2005)
5. Do Not Call violations (#1)
6. Telephone (service issues, cramming) (#4)
7. Mail Order (refunds, unordered merchandise, delivery problems) (#5)
8. Sweepstakes (mail solicitations)
9. Debt Adjusting/Credit Counseling
10. Credit Cards

In 2006, the Consumer Protection division received 96 complaints from consumers reporting violations of the "Do Not Call" law. Stenehjem took action against 24 companies responsible for the violations, obtaining fines totaling \$18,650.

The Consumer Protection Division opened 1361 consumer complaints and investigation files in 2006 and recovered \$589,740 for North Dakota consumers.

Thirty-nine cases of identify theft were reported to the Consumer Protection division. The division assisted the victims in preparing an Identity Theft Affidavit (available online), which is submitted to the state for validation. The validated copy, which includes a case number, is returned to the victim for use in establishing the existence of identity theft and repairing the victim's credit. "Telemarketing scams certainly contributed to the incidents of identity theft," Stenehjem said.

Stenehjem urged consumers to research any solicitation by contacting the Consumer Protection Division toll free at 1-800-472-2600 before sending any money or giving out bank account or credit card information.

"There is no absolute protection from con artists, but the best defense is a good offense. Arm yourself with caution, commonsense, and research. Be skeptical if someone offers large sums of money or valuable prizes for a fee. A simple phone call may prevent thousands in losses," said Stenehjem.