Defendants in Massive Spam Text Message, Robocalling and Mobile Cramming Scheme to Pay $10 Million to Settle FTC Charges

October 22, 2014

Defendants Used Text Message Offers of 'Free' Gift Cards to Lure Consumers into Robocalling and Mobile Cramming Scams

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A series of defendants will pay approximately $10 million to the Federal Trade Commission to settle charges that they operated a massive scam that sent unwanted text messages to millions of consumers, many of whom later received illegal robocalls, phony "free" merchandise offers, and unauthorized charges crammed on their mobile phone bills.

The settlement marks the completion of a major effort by the FTC to crack down on the senders of unwanted text messages offering consumers "free" gift cards to retailers such as Best Buy, Walmart and Target. The messages contained links to websites that led consumers through a process that the FTC alleges was designed to get consumers' personal information for sale to marketers, their mobile phone numbers to cram unwanted charges on their bill, and to drive them to paid subscriptions for which the scammers received affiliate referral fees.

"The operators of this scam bombarded consumers for months with deceptive text messages offering 'free' items, but the costs to consumers were very real – including the misuse of their personal information to cram unwanted charges on their phone bills," said Jessica Rich, director of the FTC's Bureau of Consumer Protection. "I am pleased that these scammers will be forced to turn over millions of the dollars they took from consumers and banned from repeating these actions in the future."

The settlement resolves the FTC's allegations against three groups of defendants:

The first set of defendants is required to pay the FTC $7.8 million. The FTC alleged that this group of defendants was responsible for millions of illegal text messages, made deceptive claims about "free" merchandise, was responsible for unauthorized charges on mobile phone bills, and assisted and facilitated the sending of illegal robocalls. Under the terms of the settlement, these defendants will be banned from sending consumers unwanted text messages, as well as from placing charges of any kind onto a consumer's telephone bill, whether landline or mobile. The settlement also bans the defendants from misrepresenting whether a product is free through a text message or webpage, and also requires the defendants to ensure that any affiliates working for them abide by the same provisions. In addition, the settlement requires the defendants to obtain consumers' express informed consent before billing them and bans them from participating in illegal telemarketing. The defendants in this settlement are Acquinity Interactive, LLC; 7657030 Canada Inc., Garry Jonas, Gregory Van Horn, Revenue Path E-Consulting Pvt, Ltd.; Revenuepath Ltd.; and Sarita Somani.

The second set of defendants is required to pay the FTC $1.4 million. The FTC alleged that this set of defendants was responsible for cramming unauthorized charges on consumers' mobile phone bills. Under the terms of the settlement, the defendants will be banned from placing charges of any kind on consumers' telephone bills, as well as being banned from making any misrepresentations to consumers about a product or service, including the cost or a consumer's obligation to pay. In addition, the defendants will be required to obtain consumers' express informed consent before billing them for any good or service. The defendants in this settlement are Burton Katz, individually and also doing business as Polling Associates Inc. and Boomerang International, LLC, and Jonathan Smyth, individually and also doing business as Polling Associates Inc.

In the third settlement, an $8 million judgment is being suspended due to the defendants' inability to pay, after they turn over available assets. The FTC alleged that this set of defendants was responsible for making millions of illegal robocalls. Under the settlement, the defendants are required to pay the FTC $100,000, as well as the surrender value of a life insurance policy and proceeds from the sale of: a 2013 Cadillac Escalade, two motorcycles, and a real estate holding in Southern California. The settlement also bans the defendants from illegally telemarketing consumers through robocalling. The defendants in this settlement are Firebrand Group S.L., LLC, Worldwide Commerce Associates, LLC, and Matthew Beucler.

In addition to these settlements, the Commission dropped charges against two defendants in the cases, Joshua Greenberg and Scott Modist.

The Commission vote approving the proposed stipulated final orders was 5-0. Judge Robert N. Scola, Jr. of the U.S. District for the Southern District of Florida entered the stipulated final orders on Oct. 16, 2014

NOTE: Stipulated final orders have the force of law when approved and signed by the District Court judge.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online Complaint Assistant or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides free information on a variety of consumer topics. Like the FTC on Facebook, follow us on Twitter, and subscribe to press releases for the latest FTC news and resources.

PRESS RELEASE REFERENCE:
FTC Adds Mobile Cramming to Charges Against Text Spam and Robocall Network
FTC Acts Against Spam Text and Robocalling Operations

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