



NETWORK NEWS

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

GET-RICH-QUICK SCHEMES STOPPED

At the FTC's request, a U.S. district court ordered the marketers of three get-rich-quick systems, including John Beck's Free and Clear Real Estate System, to pay a record \$478 million for deceiving nearly a million consumers. The Order also puts three of the defendants out of the infomercial and telemarketing businesses permanently. According to the court, despite the marketers' easy-money claims for the systems, nearly everyone who bought in lost money. [Read more.](#) ■■■

HYPED HEALTH CLAIMS

The marketers of Ab Circle Pro, an abdominal exercise device, will settle FTC charges that it deceived consumers. The defendants have agreed to pay at least \$15 million — and as much as \$25 million — depending on how many people request refunds. According to the FTC, Fitness Brands, Inc., promised people that exercising on the device for just three minutes a day was the equivalent of doing 100 sit-ups and would result in a 10-pound weight loss in two weeks. [Read more.](#) ■■■

FCRA VIOLATIONS ALLEGED

An employment background screening company will pay \$2.6 million to settle FTC charges that it violated the Fair Credit Reporting Act. This is the second-largest civil penalty that the FTC has obtained under the FCRA. HireRight Solutions, Inc., provides background reports that contain information that thousands of employers use to make personnel decisions about prospective and current employees. The FTC alleges that HireRight didn't take reasonable steps to ensure that the information in the reports was current. Inaccuracies led to people being denied employment or other benefits. [Read more.](#) ■■■

STAT-o-SPHERE

Total number of FTC cases involving robocalls and Do Not Call violations:

- **88** enforcement actions
- against **250** corporate and **194** individual defendants
- resulting in **\$69 million** paid in civil penalties and equitable monetary relief.

[FTC Action Halts Debt Relief Marketing Operation \(9/18/12\)](#)

SPANISH-SPEAKING HOMEOWNERS TARGETED

The FTC has stopped a Dominican mortgage assistance scam that allegedly defrauded Spanish-speaking homeowners across the U.S. of more than \$2 million. According to the FTC, the defendants promised to lower homeowners' monthly mortgage payments dramatically in exchange for a hefty fee. The telemarketers spoke in Spanish, targeted homeowners facing foreclosure, empathized about the tough economy, and claimed to be approved by the homeowners' lenders or the government. The FTC alleged that few people got a loan modification even after paying fees ranging from \$995 to \$1,500, and that any who did could have gotten the loan modification for free.

The FTC thanks its partners for their help in this case:

- Pro Consumidor: Instituto Nacional de Protección de los Derechos del Consumidor of the Dominican Republic
- Idaho Department of Finance, Consumer Finance Bureau
- Utah Department of Commerce, Division of Real Estate
- Better Business Bureau of Chicago and Northern Illinois

[Read more.](#) ■■■

PHANTOM DEBT

A federal grand jury has charged Kirit Patel with 21 criminal counts of wire and mail fraud for a scheme based on the collection of fake debts. The U.S. Attorney for the Eastern District of California brought the case subsequent to the FTC's civil charges against Patel and his companies. The FTC alleged that the defendants fraudulently collected more than \$5.2 million from people for debts that they either didn't owe to the defendants or didn't owe at all. Patel's scheme involved more than 2.7 million phone calls to at least 600,000 phone numbers. The FTC's Criminal Liaison Unit (CLU) referred the case to the Department of Justice and the Secret Service. The FTC thanks both agencies for bringing the criminal action. [Read more.](#) ■■■

ROBOCALL: THE CRACKDOWN CONTINUES

At the FTC's request, a federal court stopped a debt relief operation that allegedly contacted people through prerecorded telemarketing calls, claimed they could reduce their unsecured debt by 50 percent or more, and then made unauthorized charges to their bank accounts. The court ordered Jeremy R. Nelson, and four companies he controlled, to stop the practices and froze the operation's assets pending trial. The FTC appreciates the assistance of the Ohio Attorney General's Office and the Better Business Bureau of the Southland in bringing this case.

[Read more.](#) ■■■

ROBOCALL SUMMIT

The FTC will host a public summit on October 18 to focus on exploring innovations that could potentially be used to trace robocalls, prevent wrongdoers from faking caller ID data, and stop illegal calls. The summit will be in Washington, DC. [Learn more.](#) ■■■

CRIMINAL LIAISON UNIT

The FTC set up the CLU to ensure that appropriate consumer scams are referred for criminal prosecution. The CLU partners with the U.S. Department of Justice, U.S. Attorneys, and state criminal law enforcement authorities on prosecutions of consumer frauds. The CLU prepares cases for referral, including supplying evidence — victim statements, undercover sales calls and purchases, certified bank, business, and phone records, and insider testimony. To learn more, contact Harris Senturia, the CLU Chief, at clu@ftc.gov. ■■■

WHO'S CALLING?

It may be hard to tell the difference between a legitimate debt collector and a fake one. Sometimes a fake collector may even have some of your personal information, like your bank account number. If you suspect a caller is a fake debt collector:

- ✦ Ask the caller for his name, company, street address, and telephone number.
- ✦ Tell the caller you refuse to discuss any debt until you get a written "validation notice." The notice must include the amount of the debt, the name of the creditor you owe, and your rights under the federal Fair Debt Collection Practices Act.

[Learn more.](#) ■■■

NEW MEMBERS

Twenty organizations from 16 states recently joined Sentinel, as well as the U.S. Federal Housing Agency's Office of the Inspector General.

Sentinel welcomes four new data contributors: the Colorado and Indiana Attorneys General Offices, the Los Angeles Department of Consumer Affairs, and the Montana Department of Justice. ■■■

COMMUNITY OUTREACH

Share any of FTC's free resources and tips in your programs, on your website, and with your social networks. ■■■

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