



For Release: January 12, 1999

Internet "Crammers" Face FTC Charges

To combat the latest wrinkle in hi-tech fraud on the Internet, the Federal Trade Commission has charged three individuals and eight businesses with billing or debiting consumers' credit card accounts for unordered or fictitious Internet services. The agency alleges the defendants repeatedly placed charges on consumers' credit and debit cards for Internet entertainment services they had not ordered and did not want. Some of the consumers who were billed didn't even own computers. When consumers tried to contest the charges, they were met by confusing voice mail messages, anonymous Internet sites and a maze of mail-drops. At the FTC's request, a U.S. District Court judge has issued a temporary restraining order, appointed a temporary receiver for two of the companies and frozen their assets, pending a further hearing. The agency will ask the court to halt the bogus billing practices permanently and to order consumer redress or disgorgement.

The agency named Kenneth H. Taves, a/k/a Kenneth Till, Teresa Callei Taves, Gary Mittman, all of California, and their companies, J. K. Publications, Inc., MJD Service Corp., and Net Options, Inc., in its complaint. The complaint alleges that the defendants also use the business names Netfill, N-Bill, Webtel, and Online Billing.

The FTC alleged that the defendants obtained consumer credit and debit card account numbers without consumers' knowledge or approval, and billed or debited consumers' accounts for 'services' the consumers had not ordered, did not want, and in some cases, couldn't use because they had no computer. The charge item on the bill contained the name of one of the various businesses and an 800 phone number. Consumers who called the number to get the charge removed from their credit card got a busy signal, no answer, or a recording directing them to enter their credit card number to discuss charges. They often were unable to get through to a person to discuss the charges. Consumers, many of whom were billed repeatedly over successive months, appealed to credit card companies for help, but were told by them that they could not block future charges to the cards. Many consumers canceled their credit card accounts to avoid the charges, the FTC alleged. The FTC has asked the court to permanently bar the illegal billing practices and award redress to consumers.

Consumers who believe they have been deceptively billed by the defendants can call an FTC Hotline at 202-326-3144 for more information.

This case was filed with the invaluable assistance of the U.S. Postal Inspection Service in Las Vegas, Nevada, the Los Angeles Sheriff's Department, the Riverside, California Police Department, the Beverly Hills Police Department, and others.

The Commission vote to file the complaint was 4-0.

NOTE: The Commission files a complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. The complaint is not a finding or ruling that the defendant has actually violated the law. The case will be decided by the court. Copies of the complaint are available from the FTC's web site at <http://www.ftc.gov> and also from the FTC's Consumer Response Center, Room 130, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580; 202-FTC-HELP (202-382-4357); TDD for the hearing impaired 1-866-653-4261. To find out the latest news as it is announced, call the FTC NewsPhone recording at 202-326-2710.

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(FTC File No. 982 3616)