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Consumer Advisory Bulletin

Telephone Fraud Alert: "Cramming"

Miller warns against new variety of consumer scams -- unauthorized and unwanted charges "crammed" onto monthly phone bills. He urges Iowans to study phone bills and dispute unauthorized charges.

DES MOINES. Attorney General Tom Miller today warned Iowans to be on the alert for a new variety of consumer scam called "cramming" -- when monthly charges are "crammed" onto a consumer's monthly telephone bill for so-called "services" the consumer did not authorize and does not want.

"We strongly urge Iowans to study their phone bill every month and to dispute any unauthorized charges," Miller said. "The charges are from unscrupulous third parties and not from your phone company, but they appear on the local phone bill, and they will appear every month unless people catch them."

Miller said his office has noted numerous variations of "cramming" since the phenomenon began surfacing late last year. Consumers have been wrongly billed for "services" such as personal 800-numbers, paging, voice mail, ongoing "services" of psychic hotlines, and 800-number directory service on the Internet.

"Generally, consumers who noticed these charges tell us they never authorized the so-called service, they don't want it, and they can't even figure out what the service is or how to use it," Miller said. "They want it canceled and want all billing to cease."

Miller said there often are billing companies, sometimes called "aggregators," that arrange the billings through local telephone companies. "That extra layer makes it one notch harder for consumers to clear up the matter because both the local phone company and the billing company may say they don't know the details of why the person is being charged, and that they are just doing the billing," he said. "It's a new challenge for consumers and for us."

Miller emphasized that local telephone companies are not involved with the scams, although questionable companies use telephone bills to "cram" consumers.

Miller advised Iowans to take several measures to avoid cramming:

- "First, study your phone bill every single month, and watch for unexplained and unwanted items. Remember that cramming items sometimes are disguised as innocent and harmless, so you must watch carefully and inquire if there are any questions," he said.
- "Second, call your local phone company if you have any questions or if you are billed for an item you did not want or authorize. Ask your phone company to remove the item, and pay your bill minus the disputed amount," he said.
- "Third, call the so-called service that billed you. Their toll-free telephone number must be listed in your phone bill. Tell them to cancel the service and remove all charges -- and then watch your bill to be sure the charge is not there the next month," Miller said.

"We also encourage people to contact our Consumer Protection Division," he said. "We are almost always successful in getting charges canceled, but, more important, we want to get a handle on this problem before it explodes. We are mobilizing with other states to stop it and to get the cooperation of the FCC because it will have to be tackled on the national level."

Miller said consumers often complain that they were "crammed" even though they made no contact whatsoever with the company. He also noted that consumers sometimes are tricked into a cramming situation, for example by signing a sweepstakes or contest entry form that contains fine print authorizing some kind of monthly billing. "Watch what you sign," he said.

Background on "Cramming"

Miller said the "cramming" term was coined late last year by Cam Simpson, a Chicago Sun-Times reporter who noticed the phenomenon of questionable charges being added to people's monthly phone bills.

"Simpson called us after we shut down an operation that was about to bill businesses \$9.95 a month to be listed in an Internet 800-number directory. Iowa businesses received what looked like a solicitation for the service, something most businesses would simply discard. But the mailing actually said businesses would be billed for the 800-listing unless they affirmatively declined. We stopped that at once as an illegal negative-option solicitation," Miller said.

"That was the first instance we noticed the cramming technique," Miller said, "but we've seen lots of other examples since then. Cramming is a cousin to slamming, the practice of switching people's long distance carrier without their knowledge or permission."

"There always seems to be a new scam connected to telephones," Miller said. "Consumers have to be sharp-eyed and persistent to protect themselves."

"We want to emphasize that these questionable third-party billings are not initiated by the phone company -- and that local phone companies will not disconnect your local phone service for failing to pay these disputed charges," Miller said.

"Telephone schemes are especially potent because people may not notice questionable billings, may not understand them, and may be afraid to dispute them for fear of losing their telephone service."

[[Iowa Utilities Board web site for further help.](#)]

You may contact the Iowa Office of Consumer Advocate 310 Maple Street Des Moines, IA 50319, or by calling Phone: 515-281-5984 or Fax: 515-242-6564.