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Florida Attorney General's Office News Release

AG Moody Urges FTC to further Protect Consumers



TALLAHASSEE, Fla.—Attorney General Ashley Moody today urged the Federal Trade Commission to provide better protections for consumers against negative-option sales and predatory telemarketing calls. To guard against telemarketing calls, Attorney General Moody is asking the FTC to end Telemarketing Sales Rule exemptions for business-to-business calls and inbound calls. Closing loopholes for negative-option products or services will strengthen the TSR and better protect consumers.

Negative-option marketing is when sellers interpret a customer's failure to take affirmative action, either to reject an offer or cancel an agreement, as assent to be charged for products or services. These negative options can pose serious financial risks to consumers if action is not taken to cancel before a given deadline—although canceling the products or services is always far more complicated than incurring the charges.

Attorney General Ashley Moody said, "More transparency is needed to better protect consumers from negative-option contract renewals and predatory telemarketing practices. I am calling on the FTC to repeal federal exemptions related to telemarketing calls and provide additional protections for consumers who purchase negative-option products and services."

The TSR, instituted in 1995, helps prevent telemarketers from harassing, scamming or threatening people. The proposed amendments provide protections not previously covered in the TSR, including:

- Requiring negative-option sellers and telemarketers to provide consumers with notice and the opportunity to cancel before being billed for negative-option products;

- Adding additional recordkeeping requirements for negative-sales options; and
- Eliminating the TSR exemption for business-to-business phone calls and inbound calls.

In a letter sent to FTC Acting Secretary April Tabor, Attorney General Moody, along with 39 other attorneys general, call for the expansion of the TSR to cover business-to-business as well as inbound calls, a modification that would provide a substantial effect on pervasive, tech-support scams that often target seniors, and to cover business-to-business calls. Tech-support scams can begin with a computer pop-up notification showing tech support is immediately required and to call a number for help, pressuring consumers to contact a scam call center.

The TSR does not apply to telephone calls initiated by a customer or donor in response to an advertisement through any medium, and is regarded as a loophole that these scam call centers abuse. Business-to-business calls are also exempt from the TSR because, in the past, consumers often possessed separate phone numbers for homes and workplaces. Now, with approximately 97% of Americans owning a cellphone, and many using it for work, business-to-business calls are rarely beneficial to businesses and instead spark opportunities for scammers to directly target consumers via this rule exemption.

To read the full letter, click here.

Attorney General Moody and the attorneys general of the following states and territories signed on to the letter: Alaska, Arizona, California, Colorado, Connecticut, Delaware, the District of Columbia, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Vermont, Virginia, Washington and Wisconsin.