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Florida Attorney General's Office News Release

Acts Against Deceptive Chargeback Company



TALLAHASSEE, Fla.—Attorney General Ashley Moody is taking action against a company for helping businesses avoid credit card chargebacks from consumers. In a complaint filed in federal court, Attorney General Moody and the Federal Trade Commission allege that Chargebacks911 and its owners, Gary Cardone and Monica Eaton Cardone, are engaging in deceptive and unfair practices in violation of Florida law and the FTC Act by wrongfully impeding consumers' attempts to dispute credit card charges through the chargeback process.

Attorney General Ashley Moody said, "This company helped businesses fight consumer challenges to credit card charges—using false evidence. My Consumer Protection team, with the Federal Trade Commission, filed an action to shut down these illegal practices, and will continue fighting on behalf of Floridians."

The chargeback process is a key protection for consumers who wish to contest unwanted, fraudulent or incorrect credit card charges. When a consumer sees an unauthorized charge, or one for which the promised goods of services didn't arrive, the consumer can dispute the charge with the credit card company. The company then contacts the merchant's credit card company for information and determines whether to reverse the charge or not.

According to the complaint, Chargebacks911 helped disreputable businesses reject consumer credit card chargeback requests. The complaint states that Chargebacks911 regularly sent screenshots on behalf of client businesses to credit card companies that supposedly show that consumers agreed to the disputed charges cited in the chargeback request—often recurring

monthly subscription charges. The complaint alleges that, in many instances, these screenshots are not from the website where consumers made the disputed purchases and that the company ignored clear warning signs of the website screenshots being misleading.

The complaint also charges that Chargebacks911 used a system called Value Added Promotions, allowing the company's clients to run numerous small-dollar transactions via prepaid debit cards. By doing so, clients could raise their total number of transactions, lowering the percentage of charges disputed by consumers. The percentage of chargebacks a company faces plays a role in the level of scrutiny a company receives from credit card companies; a higher percentage of disputed charges will likely lead to more scrutiny.

In the complaint, Attorney General Moody and the FTC note that Chargebacks911 served numerous companies previously sued by the FTC for deceiving consumers, including Apex Capital, F9 Advertising and AH Media. The complaint notes that Chargebacks911 disputed tens of thousands of chargebacks on behalf of each of those disreputable companies.

In many instances, according to the complaint, Chargebacks911 submitted screenshots of websites on behalf of Apex Capital and AH Media where the name of the product on the sites in the screenshots did not match the brand name of the product for the disputed purchase. According to the complaint, Chargebacks911 regularly overlooked other suspicious behaviors, including when clients used many different merchant accounts to process charges.

Attorney General Moody and the FTC are asking the court to stop the defendants' alleged illegal activities and order monetary relief.