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Florida's Attorney General Is Putting 'Tech Support' on Life Support

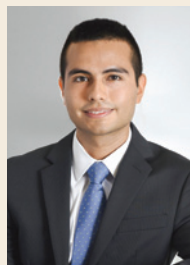
Commentary by
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Schneider

Since the early days of the internet, web-surfers have dealt with the annoyance of pop-up ads. Some pop-ups, however, do more than just annoy. Some serve a very specific function: to trick you into believing your computer is infected with malware and use that fear to sell you worthless "tech support" and software.

So imagine you are exploring the many wonders of the world wide web, when a window on your computer—seemingly legitimate—abruptly opens, freezes your computer, and tells you that your system is infected with viruses



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and malware. Fortunately for you (or so you think), the window provides you a phone number to call to avoid disaster. The representative on the line mentions that they are associated with Microsoft or Apple and proceeds to tell you that you are at risk of losing all of your work files and years of family pictures. But, for only \$299.99, the representative can install software and assist in fixing your computer. Then comes the upsell. Before you know it, you have been signed up for hundreds of dollars' worth of tech support and software you did not actually need. You've been scammed.

Who was behind this? Unsophisticated call centers trying to make a quick buck. These tech support call centers are

easier to set up than the average consumer might think. With only computers, phones and the right contacts, anyone can start one of these call centers to target consumers around the United States. Generally, these call centers purchase batches of calls from those responsible for the initial pop-ups. The incoming calls are then routed to those purchasing the calls through software specially designed to route calls and monitor their duration. The call centers then use each incoming call to try to close a deal at whatever cost.

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The problem for these call centers is "closing the deal." To charge consumers for their "services," these call centers need merchant processing (i.e., the ability to run charges on credit cards). If a call center cannot process transactions by credit cards, the whole plan fails. Some merchant

processing companies have strict policies that deny merchant accounts to certain kinds of businesses, including those selling tech support, because of the rampant fraud in the industry. Others conduct strict screening of applicants. Unfortunately, the call centers seem to find a way to obtain these accounts. Those tech support pop-ups, therefore, will keep coming.

Now for the good news. Florida's attorney general is on high alert, is well-versed in these schemes, and has the resources to take immediate action. A recent such case, *Office of the Attorney General, State of Florida, Department of Legal Affairs v. GoReady Calls Marketing*, marks a unique victory by Florida's attorney general. In an enforcement action brought under Florida's Deceptive and Unfair Trade Practices Act, a team led by Assistant Attorney General Michelle Pardoll shut down a group of companies and individuals suspected of running such tech support call center scams. After investigating the defendants' operations, the AG filed suit alleging that this group of Florida-based companies and individuals were deceiv-

ing the public into purchasing unnecessary tech support and software. Pardoll successfully obtained a temporary restraining order against the defendants and sought my appointment as receiver for the corporate defendants. We have developed a niche in the tech support area. I have served as receiver in several Federal Trade Commission and attorney general cases in Florida, Illinois and Alabama for corporate defendants involved in these tech support schemes.

But the work did not stop there. Their investigation led them to Banc of America Merchant Services (BAMS), the merchant processor through which the GoReady defendants processed millions of dollars in transactions. BAMS promptly cooperated with Pardoll and the receiver by freezing all relevant accounts and ensuring that the defendants could not process further transactions. BAMS also agreed to pay the attorney general \$7.2 million, a sum which constitutes the total amount of net transactions processed by the defendants through their BAMS accounts. The attorney general intends to use these funds to provide refunds to consumers who

purchased the GoReady defendants' "tech support" services. By targeting BAMS, Pardoll expressed a zero-tolerance policy to merchant processors involved with these tech support schemes. The hope is that, without the infrastructure to run the payments, the tech support business model will eventually implode.

The GoReady case resulted in more than just shutting down tech support call centers. Pardoll and her team were able to snip the financial Achilles heel of this tech support ring by going after BAMS and, quite notably, creating a fund to provide full restitution to aggrieved consumers.

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