

California Computer Care

News,
Views,
Tips and
Cool Techniques
for CCC Members

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We
speak
Geek,
so you
don't
have to.

Rip Off!!!

Don't say the U.S. Senate is doing nothing! OK, say it; it's mostly true. But, not always. A new investigation has exposed some of the nastiest rip offs on the internet.

And, what low-life, criminal scum are stealing money from the innocent public? Who are these rats? How about:

- US Airways
- Hotwire
- Priceline
- Shutterfly
- FTD
- Buy.com
- Victoria's Secret
- Columbia House
- Expedia
- Fandango
- 1-800-Flowers
- Barnes & Noble
- Continental Airlines
- eHarmony
- Gevalia
- Orbitz
- Lillian Vernon
- Pizza Hut
- TimeLife
- Yahoo
- Hertz
- Joann.com
- Avon
- Tiger Direct

And, many, many more!

Here is a reprint of the story as reported by CNet news' Greg Sandoval Nov. 17, 2009*:

Words like "scam," "fraud," and "arrest" filled the air during a Senate hearing on Tuesday that focused on the controversial marketing companies that allegedly dupe consumers into paying monthly fees to join online loyalty programs.

Vertrue, Webloyalty, and Affinion generated more than \$1.4 billion by "misleading" Web shoppers,

* http://news.cnet.com/8301-1023_3-10399880-93.html?tag=mncol;txt



COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION

OFFICE OF OVERSIGHT AND INVESTIGATIONS
MAJORITY STAFF

AGGRESSIVE SALES TACTICS ON THE INTERNET AND THEIR IMPACT ON AMERICAN CONSUMERS

Staff Report for Chairman Rockefeller
November 16, 2009

Get a copy of the report at:

http://commerce.senate.gov/public/_files/111609STAFFREPORT.pdf

said members of the U.S. Senate Committee on Commerce, Science and Transportation, which called the hearing. Lawmakers saved their harshest rebuke for Web retailers that accepted big money—a combined sum of \$792 million—to share their customers' credit-card information with the marketers.

Senate investigators launched their six-month inquiry by examining complaints from people who discovered mysterious charges on their credit card bill. For years, Web shoppers have complained that they were signed up to some Web loyalty program without their knowledge and were charged fees until they discovered the problem and complained. Some paid fees for years.

The government says the investigation shows that Webloyalty, Affinion, and Vertrue "trick" consumers into entering their e-mail address just before they complete purchases at sites such as Orbitz, Priceline.com, Buy.com, 1-800 Flowers, Continental Airlines, Fandango, and Classmates.com. A Web ad, which many consumers say appears to be from the retailer, offers them cash back or coupon if they key in their e-mail address.

Many of those who complained say they don't fear the ad because they aren't being asked to turn over credit-card information, according to the Senate report. But buried in the ad's fine print is notification that by entering their e-mail address, the shopper is agreeing to join a loyalty program and allowing the store to authorize marketers to charge their card each month, between \$9 and \$12.

"What's happening is many online merchants have decided to betray their customers' trust."

—Sen. John Rockefeller

"When people shop online, they have the right to expect that the stores they entrust with their credit card and other personal information will not share it," said Sen. John Rockefeller, (D-W.V.), the committee's chairman. "What's happening is many online merchants have decided to betray their customers' trust...fine print is the (biggest) scam of all time."

The way the government lays out its findings, it appears the loyalty programs are profiting off of the reluctance of many consumers to read fine print and check their credit card statements, and the blind trust many have in the stores where they shop.

Vertrue and Webloyalty issued statements saying they have changed their practices and have opted to require consumers to key in some credit card or other information to enroll into one of the company's membership programs. Expert witnesses and government officials said during the hearing that these alterations don't go far enough.

Perhaps most importantly, witnesses also said the best and only way to defeat the problem is to make it unlawful for retailers to ever sell their customers' personal information.

Affinion representatives were not immediately available for interview.

Rockefeller noted during the hearing that Vertrue and Webloyalty dropped some of their business practices only after Senate investigators were well into their probe. He also remarked that some of the retail companies, including U.S. Airways, had informed him that they had ceased doing business with the marketers. He told the audience at the hearing and those who watched via a Webcast that he anticipated Continental Airlines would do the same.

The government's report provides a jaw-dropping amount of information that shows:

- Managers at Webloyalty, Affinion, and Vertrue are fully aware that most of the people signing up for memberships are unaware that they are doing it.
- Their programs are designed to mislead consumers into signing up.
- Retailers doing business with the companies are also aware that customers are likely to be angered once they notice the charges but do it because they are paid big bucks. Classmates.com has pocketed \$70 million from partnering with all three companies, according to the report. The government says that 88 retailers have made more than \$1 million through the partnerships with e-loyalty programs, while 19 have made more than \$10 million.

"The more aggressively an e-commerce company is willing to market Affinion, Vertrue, or Webloyalty's membership clubs to its customers, the more money it will earn," the Senate Commerce Committee wrote in the report.

Another reason e-tailers risk alienating customers is that some of the e-loyalty companies insulate the Web stores from customer complaints. They call these complaints "customer noise." To illustrate this, the Senate committee included excerpts from a letter from a Priceline shopper who said she was charged for a loyalty membership for over a year without her knowledge.

The government's investigation will continue. According to a Senate staffer, Rockefeller will invite the CEOs of Webloyalty, Affinion, and Vertrue to testify at another hearing, which will likely be held sometime early next year.

November Tip —

Don't forget the "Quotes"

When searching online with Google, Yahoo, AOL, Bing or others, many times just typing in your search terms yields way too many results. How do you find what you want out of hundreds of thousands of possibilities?

Let's say that you are looking for ceramic tile installers. Do a *Google* search on ceramic tile installers; you will get 2,470,000 results! Why? Because you just found every web page about ceramic tile AND every web page about ceramic AND every web page about tile AND every web page about installers!

Control those results by putting quotation marks around your search term. Now, only web sites that reflect the entire search term are found. Add the quotes and a search for "ceramic tile" results 755,000 results. By adding "installers," the search result is dropped to a more manageable 155,000. Keep refining your request until you get what you need.

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for your
computer.