

Court Orders Halt to Internet Directory Listing Scam

A scam that induces businesses to pay for listing in a useless online marketing directory has been temporarily enjoined and the company's United States assets frozen in a court action brought by the Federal Trade Commission (FTC).

Since at least 2000, Construct Data Publishers, which is also known as Fair Guide, induced businesses and nonprofit organizations in the United States and other countries to pay for unordered listings in an internet directory, the FTC said in its complaint. The company sends forms to companies to "confirm" the accuracy of the listing. Only in fine print at the bottom of the form "are consumers told that by signing and the returning the form, they will be deemed to have agreed to pay '1717USD,' annually for three years, to place an 'advertisement' in Defendant's Internet directory."

"Following a pattern of deception and relentless intimidation, Defendants likely have bilked consumers out of millions of dollars for a worthless directory listing that they never intended to order. Just in 2011-12, U.S. consumers paid Defendants over \$1.2 million," the FTC wrote in its Memorandum of Law.

Construct Data sends the business an invoice for the \$1,717 but the invoice comes after a 10-day "cancellation period" has expired. Businesses that refuse to pay then receive late payment notices and demand letters, some of which purport to be from Construct Data's "Legal Department." Even though the letters threaten a lawsuit, no lawsuits are filed. "These threats, though empty, are all too effective in convincing consumers to pay," the FTC said.

The FTC said that Construct Data has been "running this scam around the world for over a decade." The company originally operated in Austria. It agreed to a settlement in an Austrian court that prohibited further solicitations in the European Union. After settling the case in Austria, the company moved to Slovakia, where it "has been aggressively targeting consumers in the United States and other countries outside Europe."

In the request for a restraining order, the FTC said Construct Data's "operation is both widespread and entirely fraudulent."

Federal Trade Commission v. Construct Data Publishers, a/k/a Fair Guide, N.D. Ill. No. 13 CV 1999.