

**FTC Settles Telemarketing Car-Buying Scam
Court Orders \$5.1 Million Reimbursement
FTC Press Release**

At the Federal Trade Commission's request, a federal court has ordered a Canadian telemarketer and four companies he owns to pay more than \$5.1 million to American and Canadian consumers who were duped into paying hundreds of dollars based on false claims that the defendants had buyers lined up for their cars, and that refunds would be provided if the cars weren't sold. The court also permanently banned the defendants from telemarketing and payment processing.

According to the FTC's complaint against Matthew J. Loewen and his companies, the defendants called consumers who listed vehicles for sale on websites such as craigslist.org or ebay.com. The defendants falsely claimed that, in exchange for a fee, typically \$399, they would put the consumer in touch with a buyer, often telling consumers they had undervalued the vehicle and that the price the buyer was willing to pay would cover the defendants' fee. The defendants also offered \$99 "refund insurance," falsely promising consumers who purchased it a risk-free refund of their initial fee if the vehicle was not sold in 90 days.

On October 29, 2013, the U.S. District Court for the Western District of Washington found the FTC's allegations to be true and ruled that the defendants' telemarketing operation violated the FTC Act and the FTC's telemarketing Sales Rule. According to the Court, the defendants' promises to match consumers with car buyers was "simply false," and the impression they conveyed of easily obtainable refunds was "decidedly deceptive."

The Court also noted that, in order to evade detection, the defendants operated under a series of ever-changing corporate names (including Auto Marketing Group, Secure Auto Sales, and Vehicle Stars). It also cited the defendants' high rate of credit card chargebacks – in which consumers dispute charges and get them reversed – as further proof of the fraudulent nature of the defendants'