



Capitol Contact by State Representative Steve Simon 2010, Volume IV

A New Law to Fight Fraud: Pro-Consumer AND Pro-Business

Dear Friends,

I'm happy to announce that the Governor just signed into law the bill that I wrote to help consumers and businesses fight fraud. The law is a response to out-of-state scam-artists who impersonate Minnesota businesses to bilk Minnesotans.

The scam can be complicated, but the solution is not. We now have a new tool, backed by Democrats and Republicans, to fight back against fraud.

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The Scam

Recently, out-of-state scam-artists have tried a new way to cheat consumers and businesses.

Here's how it works:

- A Minnesota consumer orders a delivered product or a service by telephone after seeing an advertisement. As an example, let's suppose that the product/service is flower delivery. The consumer places call to "Minneapolis Flower Store." The ad for "Minneapolis Flower Store" shows a "612" area code, and maybe even a Minneapolis street address. But the store doesn't really exist. The phone number and address are fake.
- When the consumer calls the listed number, the call is secretly routed to the real location out-of state. The consumer orders a dozen roses for \$25.
- The out-of-state scam-artist takes the order, places an order on behalf of the consumer for the same dozen roses at a real Minneapolis florist who charges only \$15, and then pockets the extra \$10. Meanwhile, the consumer unknowingly pays \$10 extra for a dozen roses, while the real local business is unfairly swept up in the scam.

The Solution

- Minnesota, like most states, has a law to fight "deceptive trade practices." It allows individuals and businesses to stop (and seek damages from) a scam-artist who makes deceptive claims about a product or service. But the current wording is very general about what kinds of scams are "geographic" misrepresentations.
- Working with Minnesota consumer advocates and business groups, I changed the language to specifically define this new scam as a violation of the law. Now, Minnesotans can go to court to stop out-of-state scam artists who pretend to be Minnesota businesses.

As always, please feel free to contact me about any issue, idea, or concern.