



TEXAS AG: SETTLEMENT WITH YP CORPORATION RESULTS IN REFUNDS TO BUSINESSES

by Texas Attorney General Greg Abbott

SOME TEXAS BUSINESS OWNERS MAY be eligible for a refund of fees they unwittingly paid to an Arizona company for commercial advertising in its online “yellow pages” directory.

YP Corp. and its affiliates, including *YP.eCom*, *YP.Net* and *Telco Billing*, have agreed to settle allegations by the Texas Attorney General’s Office and 33 other states that the companies engaged in deceptive business practices by using “live” activation checks to obligate businesses and organizations to purchase an enhanced listing on YP.eCom’s online yellow page directory. Under the terms of the agreement, YP Corp. will inform current customers of their right to cancel their agreement with YP.eCom and of their potential eligibility for a refund.

The investigation by the states revealed that YP Corp. sent businesses and other entities “live” activation checks -- unsolicited -- in the mail. The activation checks were made payable to the business or organization for a small amount, usually around \$3.25. The back of the check included a fine

print paragraph above the endorsement line that noted that by depositing the check, the recipient agreed to purchase advertising from YP.eCom for its online yellow pages directory. Activating the check also triggered YP Corp., through its billing company, Telco Billing, to begin collecting monthly fees that were tacked onto telephone bills or automatically withdrawn from the bank accounts into which the recipients deposited the checks.

The states contended that YP Corp.’s fine print disclosure on the back of the check was not sufficiently conspicuous to give a business manager enough information to make a decision about whether to advertise. Many businesses that filed complaints with the Texas Attorney General thought the checks were actually refunds from the local yellow pages company in connection with their advertising accounts.

Many organizations were also unaware that endorsing and depositing the checks amounted to entering into contracts with YP Corp. for up to \$177 for an annual listing in the online directory, whether or not business

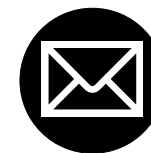
managers authorized this arrangement.

The Texas Attorney General’s Consumer Protection Division has determined that over 60,000 Texas business customers deposited the checks. Customers who did not intend to purchase Internet advertising services from YP Corp. and who were signed up without authorization are potentially eligible for restitution under the multi-state settlement.

Any Texas business or organization that deposited an activation check from YP.eCom since January 1, 2003, was billed for an online yellow page listing, and did not intend to enter into such a contract should contact the Texas Attorney General’s Office no later than March 15, 2007 to request a refund.

Existing YP.eCom customers who believe they entered an advertising contract by depositing an activation check mailed by YP Corp. will be contacted directly by the company within the next few weeks with instructions on how to cancel their relationship with YP Corp. and request a refund.

POINTS TO REMEMBER



“LIVE” ACTIVATION CHECKS

The Texas Attorney General has entered a multi-state agreement with YP Corporation to halt the company’s use of “live” activation checks to obligate customers to purchase commercial advertising in YP.eCom’s online yellow pages directory.

Texas businesses that may be eligible for refunds from YP Corporation under the multi-state settlement can contact the Texas Attorney General’s Office online at www.oag.state.tx.us or by calling the **Consumer Protection Hotline** at **(800) 621-0508**.

Requests for information must be made by **March 15, 2007**.



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