

CONSUMER BULLETIN



FROM THE OFFICE OF FLORIDA ATTORNEY GENERAL CHARLIE CRIST

CHARLEY WALLOPS FLORIDA

Fleeing Hurricane Charley, a Tampa man headed for an inland hotel, where the front desk told him by phone he could stay for \$89 a night. When he got there, the room was up to \$99. About a half hour later, he was told he'd have to pay \$119.



BUT HELP FOR HURRICANE VICTIMS ARRIVES QUICKLY

All over southwest and central Florida, the hurricane's destructive swath was followed by a wave of steep price increases, especially for hotel rooms but also water, food and fuel. Generators at twice the usual price, a room jumping from \$250 to \$1,000, an estimate of \$6,000 for a \$1,500 roof repair. These were among thousands of complaints received by the Attorney General's Price-Gouging Task Force.

"See that red light?" said Jack Hagadorn, one of dozens of Hotline analysts and volunteers who took calls during the emergency, pointing at his telephone. "It flickers when there are four calls or more waiting. It was flickering for hours."

By the first weekday after the

August 13 storm, 1,000 complaints had been received, 2,000 two days after that and 3,000 near the end of the first week. The Attorney General's Office marshaled its full resources to man the hotline, send investigators into affected areas

and get attorneys working on legal action against rip-offs.

"The majority of businesses were bending over backwards to help people," said investigator Eric Camil. "And then there were businesses that wanted to use the event to steal."

The goal was to enforce Florida's price-gouging law, which prohibits exorbitant price increases for necessary commodities during emergencies. Needless to say, these are stressful times for people coping with a hurricane.

"We try to give them big hugs over the phone. These are victims," said Alan Moudy, who oversees the Hotline. As well as providing a sympathetic ear, Hotline analysts

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SEPTEMBER 2004

Big Phish Stories

Florida fights deceptive email

Florida's easy-going atmosphere has always attracted people who want to make a quick buck. These days, they're also likely to have the technical savvy to send out massive quantities of commercial email, known as spam.

"At the beach all day long, hanging out in the bars at night, the computer going all night," says Julia Harris of the Attorney General's CAN-SPAM task force, which is taking action against the worst of the spam such as intrusive "phishing" emails.

A study in July estimated that 65 percent of all email is spam. One spammer was recently accused of single-handedly sending out 825 million email messages. "All you do is MAIL MAIL MAIL," another spammer told Salon.com. "And collect your commission check."

But spamming is not a harm-

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SPARRING WITH SPAM

There you are in front of your computer when, all of a sudden, it is captured by some Unknown Dark Force. Pop-up messages cover the screen. Some won't allow you to X out of them. Your computer becomes useless, even when you're off the Internet.

Persistent pop-ups are a sign that your computer is vulnerable to hackers, according to the FTC. "They can use this vulnerability to take over your computer and install new programs; view, change or delete data; or create new accounts that give them full access to your machine," the agency warns.

To add insult to injury, the hackers often send pop-ups advertising software that supposedly fixes pop-ups. It's really just another way to get into your computer. The spyware that hackers install is highly sophisticated; sometimes it can track your every keystroke.

For these and other spam problems, experts recommend:

DON'T OPEN SPAM messages or links, even to remove yourself from a subscriber list; you're letting hackers know that your web address is active.

USE ANTI-AD, ANTI-SPYWARE AND ANTI-VIRUS SOFTWARE AND A FIREWALL. Many good products are available free at sites such as Download.com.

USE A SECOND SCREEN NAME for activities that will attract hackers, such as visiting chatrooms; you can dispose of it if it starts to get a lot of spam.

TRY TO MAKE YOUR EMAIL ADDRESS UNIQUE to avert "dictionary attacks," in which hackers guess likely addresses. Masking your email address by adding text to trick address-harvesting software is also a good idea.

Details are available at the FTC and Florida Attorney General websites.

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less pastime. "People think of spam as a nuisance," Harris says, "but it can lead to a lot of evils." Most particularly, it can be a way of infiltrating other computers to acquire personal information, assume the identity of those computers' owners and ultimately steal their money, a practice known as phishing.

The Gartner research company found that about 55 million Americans have received phishing emails, and 1.78 million reported giving phishers their personal or financial information. Phishing is estimated to have cost individuals and businesses \$1.2 billion, according to Gartner.

Laws that went into effect earlier this year in Florida and nationwide take aim at deceptive spam and phishing. Under these laws, truthful emails are not prohibited, so computer users will just have to put up with it, as they do with conventional junk mail.

Phishing
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Instead, the new laws focus on emails that are deceptive. Many spammers specialize in deceptive advertising, hoping that just enough buyers will bite to make spamming worthwhile. "It's a pure numbers game," says Harris.

For instance, a Boca Raton man was sued by the Federal Trade Commission in July for sending out mass emails for allegedly bogus products such as a \$79-a-month "Youthful Vigor Human Growth Hormone."

But phishing is "the hottest and most troubling new scam on the Internet," according to the FBI.

The term "phishing" came into being along with the computer age. Using technology to cut into phone lines and make free calls was called "phreaking" in the 1970s. "Ph" for "f" was supposedly hip and high-tech.

Then, in the late 1990s, "phishing" emerged when hackers obtained passwords and account information from unsuspecting AOL customers. They dubbed it "phish" and bought and sold it among themselves -- often for better software to keep on hacking.

Increasingly sophisticated phishing attacks target the customers of financial institutions and e-commerce sites, and people who pay for goods or services electronically. Phishing attacks aimed at such groups were estimated at 402 in March of this year but were up to 1,125 a month later, according to the Anti-Phishing

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In The News

File-sharing gets a boost

A federal appeals court decided that distributors of the peer-to-peer file-sharing software Morpheus and Grokster can't be found liable for copyright infringement. The Ninth Circuit Court of Appeals' ruling, which would also apply to Kazaa and similar websites, is a victory for distributors in a long battle with record and movie companies.

A three-judge panel said the distributors can't be liable because they can't control the activities of individuals who use their software to exchange music and movie files. Industry spokesmen say that most shared files are copyrighted and that file-sharing amounts to piracy. An appeal of the ruling is likely.

Agreement reached over Claritin

A major pharmaceutical company agreed to pay \$7.4 million to Florida's Medicaid program, which underwrites health care for the poor and disabled. Schering-Plough agreed to the payment after it was

accused by all 50 states and the federal government of overcharging for Claritin, its popular anti-histamine drug.

Under Medicaid's rules manufacturers must offer Medicaid recipients the "best price" for their drugs. But Schering-Plough allegedly failed to report to Medicaid that it had offered lower prices for Claritin to private health maintenance organizations.



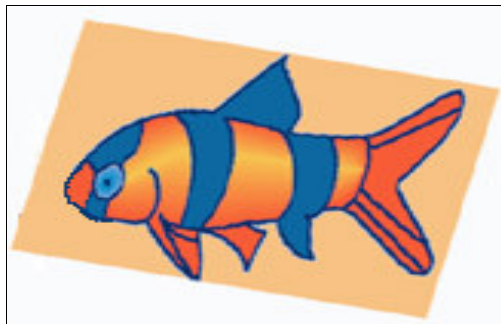
Seniors fight crime

Attorney General Charlie Crist opened a Seniors vs. Crime Storefront in Altamonte Springs, the 17th in Florida. The storefronts are a central location for older people who believe they have been victims of crime to report what happened and get assistance from volunteers known as Senior Sleuths. Like the other storefronts, this one will be run in cooperation with the local police department.

"MORE PHISH," FROM PAGE 2

Working Group, an association of targeted industries. Citibank experienced 475 attacks in a single month. eBay was the second most-targeted company.

In phishing attacks, email return addresses and subject lines will say, for example, "BankOne/Online Banking Issue," or "Citibank/Activate Bill Pay." One message intoned, "Failure to update your records will result in account deletion. Please click the link below to renew your account information." Phishing emails sometimes look like messages from federal agencies such as the IRS.



Both the new Florida and federal laws take aim at "spoofing," which means lying about the source of an email. The federal CAN-SPAM Act and the Florida CAN-SPAM Act ban false or misleading information at "To" and "From" in emails and deceptive subject lines, and provide for fines. The

federal law also requires that the true source be identified and that consumers be allowed to opt out of receiving emails from that source.

Now the FTC and Internet Service Providers are using the new federal law to file lawsuits against suspected spammers. The Economic Crimes Division of the Florida Attorney General's Office is using consumer complaints -- which can be made online at www.myfloridalegal.com/spam -- to identify the worse spammers for appropriate action.

In addition, Economic Crimes attorneys including Harris have formed a CAN-SPAM task force of law enforcement officials, ISPs and others to coordinate their efforts and get at the root of the problem. They're considering going after software providers and whoever else helps spammers directly or indirectly. They are looking for the technical fix that might end the spam problem permanently. "A lot of things are in the works," Harris says.



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IN CHARLEY'S WAKE

"CHARLEY," FROM PAGE 1

and later attorneys worked to identify the most pressing complaints. About a third did not meet the criteria in the statute, Moudy said.

The next step was to relay information about complaints to investigators, who fanned out across the state, visiting businesses and examining records.

Their efforts were a "detering factor" in preventing price-gouging, according to investigator Helen Snell. "Hearing that we are out there makes people think twice," she said.

As investigators put in 12-hour days, attorneys combed the complaints and evidence to determine whether lawsuits should be filed. Days after the hurricane, suits were filed against hotels in Palm Beach, Lakeland, Ocala and Sarasota.

One of the hotels allegedly charged an elderly woman and her disabled daughter three times more for a room than the advertised price. Action was also taken against a Jacksonville tree-trimmer who allegedly

charged 10 times the going rate for debris removal.

Price increases by hotels were generally more egregious than by other kinds of businesses, Moudy said. "Hotels were the big deal because you had a million people flee," according to Camil. "Not everybody is going to need a tree guy."

**People
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A lengthy process of following up hundreds of complaints, big and small, will occupy weeks and maybe even months to come. Procedures will be examined to find out how best to deal with the next hurricane. Already it's clear that people preparing for storms should brace for possible rip-offs, too -- and plan, for instance, to keep detailed records of sales transactions.

Meanwhile -- as power is restored, and homes and businesses are repaired -- people all over central and southwest Florida will be trying to get back to normal.

And most employees of the Attorney General's Office will return to their usual duties and to personal activities. "We've lived off a lot of doughnuts," said Hotline analyst Sara Kinsey. "We're going to have to sign up for the gym once we're done with this."