

Press Release: NCLC Advocates Applaud FTC Rule Banning Payment Devices Used by Scammers

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CFPB and Federal Reserve Urged to Ban Remotely Created Checks in All Consumer Transactions

(WASHINGTON) Advocates of the National Consumer Law Center (NCLC) praised a final rule issued yesterday by the Federal Trade Commission (FTC) aimed at preventing telemarketing scammers from extracting money from people using payment devices that are tough to trace or reverse.

“The FTC’s rule will ban scammers who target seniors and other telemarketing fraudsters from extracting money from people using remotely created checks, money transfer services and prepaid reload packs,” said Lauren Saunders, associate director of the National Consumer Law Center. “Grandparent scams and fake IRS agents scare people into sending money using methods that make it hard to find the scammer and difficult to get your money back.”

The FTC rule bans the use of these payment devices in transactions covered by the telemarketing sales rule. For years, the FTC has seen these remotely created checks, wire transfers, and prepaid reload packs used to enable fraud. The rule does not cover transactions covered purely on the internet. In an unrelated action, the Consumer Financial Protection Bureau yesterday filed administrative charges against an internet payday lender that illegally used remotely created checks to extract money from consumer accounts after consumers exercised their right to revoke authorization for electronic payments.

“We applaud the FTC for taking important steps to frustrate telemarketing scammers, and we call on the CFPB and the Fed to ban remotely created checks in all consumer transactions,” said Saunders. “In this age of electronic payments, remotely created checks have outlived their usefulness for legitimate transactions. Scammers should not be allowed to create a check that you did not write and deposit it against your account.”

In 2013, the National Consumer Law Center, along with several other advocacy organizations asked the Fed to ban remotely created checks due to the high incidence of fraud.

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Since 1969, the nonprofit **National Consumer Law Center®** (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. www.nclc.org