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FTC Cracks Down on Senders of Spam Text Messages Promoting "Free" Gift Cards

Defendants Were Responsible for More than 180 Million Spam Text Messages

The Federal Trade Commission is cracking down on affiliate marketers that allegedly bombarded consumers with hundreds of millions of unwanted spam text messages in an effort to steer them towards deceptive websites falsely promising "free" gift cards.

In eight different complaints filed in courts around the United States, the FTC charged 29 defendants with collectively sending more than 180 million unwanted text messages to consumers, many of whom had to pay for receiving the texts. The messages promised consumers free gifts or prizes, including gift cards worth \$1,000 to major retailers such as Best Buy, Walmart and Target. Consumers who clicked on the links in the messages found themselves caught in a confusing and elaborate process that required them to provide sensitive personal information, apply for credit or pay to subscribe to services to get the supposedly "free" cards.

"Today's announcement says 'game over' to the major league scam artists behind millions of spam texts," said Charles A. Harwood, Acting Director of the FTC's Bureau of Consumer Protection. "The FTC is committed to rooting out this deception and stopping it. For consumers who find spam texts on their phones, delete them, immediately. The offers are, in a word, garbage."

The FTC complaints targeted defendants who sent the unwanted text messages, as well as those who operated the deceptive websites. In addition, the FTC is pursuing a contempt action against a serial text message spammer, [Phil Flora, who was barred in 2011 from sending spam text messages](#) and who is accused of being part of this spam texting scheme as well.

The Commission's complaints seek restraining orders against the defendants preventing them from continuing their alleged deceptive and unfair practices as well as preserving and accounting for their assets.

According to the FTC complaints, the defendants sent text messages to random phone numbers, including to consumers who do not have a text message subscription plan. As many as 12 percent of mobile phone users fall into this category.

When consumers followed the links included in the unwanted messages, they were directed to sites that collected a substantial amount of personal information, including in some instances health information, before being allowed to continue toward receiving the supposed gift cards. In many cases, the information was requested under the guise of being shipping information for the supposed gift cards. The Commission alleged the information collected was then sold to third parties for marketing purposes, meaning consumers were deceived as to the real use of the information.

Once consumers entered their personal information, they were directed to another site and told they would have to participate in a number of "offers" to be eligible for their gift card. In some cases, consumers were obligated to sign up for as many as 13 of the offers. These offers frequently included recurring subscriptions for which consumers were required to provide credit card information. In other cases, they required consumers to submit applications for credit that would be reflected in their credit reports and possibly affect their credit score. If a consumer completed all of the "offers," they were then notified that to get the promised gift card, they had to find three others who also would complete the offers.

The FTC alleged that the operators of these sites violated the FTC Act by failing to tell consumers about all the conditions attached to the "free" gift, including the possibility that consumers would actually be required to spend money to receive the gift.

According to the FTC, the defendants who sent the text messages were paid by the operators of the "free" gift websites based on how many consumers eventually entered their information. The operators of the free gift websites were in turn paid by those businesses who gained customers or subscribers through the "offer" process.

The Commission vote authorizing the staff to file the eight complaints was **4-0-1**, with former Chairman Jon Leibowitz not participating.

Seven complaints were filed against the alleged senders of the unsolicited text messages containing deceptive promises of free gifts and prizes:

- [Superior Affiliate Management](#), a case against five defendants: Ecommerce Merchants, LLC (also doing business as Superior Affiliate Management); Cresta Pillsbury, Jan-Paul Diaz, Joshua Brewer and Daniel Stanitski. This case was filed in U.S. District Court for the Northern District of Illinois in Chicago.
- [Rentbro, Inc.](#), a case against three defendants: Rentbro, Inc., Daniel Pessin and Jacob Engel. This case was filed in U.S. District Court for the Northern District of Illinois in Chicago.
- [Jason Q. Cruz](#), a case against one defendant, Jason Q. Cruz (also doing business as

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Related Items:

Federal Trade Commission, Plaintiff v. SubscriberBASE Holdings, Inc.; SubscriberBASE, Inc., Jeffrey French, individually and as an officer of SubscriberBASE Holdings, Inc. and SubscriberBASE, Inc.; All Square Marketing, LLC; Threadpoint, LLC; PC Global Investments, LLC; Slash 20, LLC; Brent Cranmer, individually and as an officer and manager of All Square Marketing, LLC; PC Global Investments, LLC, and Slash 20, LLC; Christopher McVeigh, individually and also d/b/a CMB Marketing, Inc., and as a manager of All Square Marketing, LLC; and Michael Mazzella, individually and also d/b/a Mazzco Marketing, Inc. and as an officer and manager of All Square Marketing, LLC, Defendants.

(United States District Court for the Northern District of Illinois)
Case No. 1:13-cv-01527
File No. 122 3137

Federal Trade Commission, Plaintiff v. Verma Holdings, LLC and Rishab Verma, Defendants.
(United States District Court for the Southern District of Texas)
File No. 132 3018

Federal Trade Commission, Plaintiff v. Advert Marketing, Inc., Scott A. Dalrymple, and Robert Jerrold Wence, Defendants.
(United States District Court for the Southern District of Texas)
Case No. 4:13-cv-00590
File No. 132 3019

Federal Trade Commission, Plaintiff v. ECommerce Merchants, LLC, d/b/a Superior Affiliate Management; Cresta Pillsbury, individually and as an officer and managing member of ECommerce Merchants, LLC; Jan-Paul Diaz, individually and as an officer and managing member of ECommerce Merchants, LLC; Joshua Brewer, individually and as an officer and managing member of ECommerce Merchants, LLC; Daniel Stanitski, individually and as an officer and managing member of ECommerce Merchants, LLC, Defendants.
(United States District Court for the Northern District of Illinois)
Case No. 1:13-cv-01534
File No. 132 3048

Federal Trade Commission, Plaintiff v. Rentbro, Inc.; Daniel Pessin, individually and as an officer or director of Rentbro, Inc., Defendants.

Appidemic, Inc.) This case was filed in U.S. District Court for the Northern District of Illinois in Chicago.

- [Rishab Verma](#), a case against two defendants: Verma Holdings, LLC and Rishab Verma. This case was filed in the U.S. District Court for the Southern District of Texas in Houston.
- [AdvertMarketing](#), a case against three defendants: AdvertMarketing, Inc., Scott A. Dalrymple and Robert Jerrold Wence. This case was filed in the U.S. District Court for the Southern District of Texas in Houston.
- [Henry Kelly](#), a case against one defendant, Henry Nolan Kelly. This case was filed in the U.S. District Court for the Northern District of Georgia in Atlanta.
- [Seaside Building Marketing](#), a case against four defendants: Phillip Flora, Sandra Skipper, Kevin Beans and Dakota Geffre (all of whom are also doing business as Seaside Building Marketing Inc. and SB Marketing). This case was filed in the U.S. District Court for the Central District of California in Los Angeles.

One complaint was filed against the alleged operators of the deceptive websites to which consumers were directed by the spam text messages:

- [SubscriberBASE Holdings, Inc.](#), a case against ten defendants: SubscriberBASE Holdings, Inc.; SubscriberBASE, Inc.; Jeffrey French; All Square Marketing, LLC; Threadpoint, LLC; PC Global Investments, LLC; Slash 20, LLC; Brent Cranmer; Christopher McVeigh (also doing business as CMB Marketing, Inc.) and Michael Mazzella (also doing business as Mazzco Marketing, Inc.). This case was filed in U.S. District Court for the Northern District of Illinois in Chicago.

NOTE: The Commission files a complaint when it has "reason to believe" that the law has been or is being violated and it appears to the Commission that a proceeding is in the public interest. The complaint is not a finding or ruling that the defendant has actually violated the law. The cases will be decided by the court.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online [Complaint Assistant](#) or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides [free information on a variety of consumer topics](#). Like the FTC on [Facebook](#), follow us on [Twitter](#), and [subscribe to press releases](#) for the latest FTC news and resources.

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Office of Director of Rentbro, Inc.; and Jacob Engel, individually and as an officer or director of Rentbro, Inc., Defendants.

(United States District Court for the Northern District of Illinois)
Case No. 1:13-cv-01529
File No. 132 3049

Federal Trade Commission, Plaintiff v. Phillip Flora, individually and also d/b/a Seaside Building Marketing Inc. and SB Marketing; Sandra Skipper, individually and also d/b/a Seaside Building Marketing Inc. and SB Marketing; Kevin Beans, individually and also d/b/a Seaside Building Marketing Inc. and SB Marketing; and Dakota Geffre, individually and also d/b/a Seaside Building Marketing Inc. and SB Marketing, Defendants.

(United States District Court for the Central District of California)
File No. 132 3050

Federal Trade Commission, Plaintiff v. Jason Q. Cruz, individually and also d/b/a Appidemic, Inc., Defendant.

(United States District Court for the Northern District of Illinois)
File No. 132 3051

Federal Trade Commission, Plaintiff v. Henry Nolan Kelly, Defendant.

(United States District Court for the Northern District of Georgia)
Case No. 1:13-cv-00647
File No. 132 3057

For Consumers:

- Text Message Spam
- Blog Post: Bogus Text Message Prize Offers

For Businesses:

- BCP Business Blog – Screen regs and spam?



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