



Lifelock to pay \$12 million to settle charges it misled consumers when it promised to prevent ID theft: Plain Dealing with Sheryl Harris

By Sheryl Harris, The Plain Dealer

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The Federal Trade Commission and 35 states, including Ohio, walloped **Lifelock** today for exaggerated claims about its identity theft protection services.

The company agreed to pay \$12 million to settle charges that it misled consumers when it promised, among other things, that it could protect them from identity theft before it happened.

In announcing the settlement today, FTC Chairman Jon Leibowitz said the company didn't bother to encrypt the sensitive data it collected from consumers.

Lifelock became known across the country for the publicity stunts of CEO Todd Davis, who publicized his Social Security number to tout Lifelock's services.

He later became a victim of identity theft – a turn of events that apparently didn't deter more than 1 million people from becoming customers.

FTC Chairman John Leibowitz said the settlement -- \$11 million of which will be repaid to consumers – represents all the money the company has on hand.

Lifelock has changed its business model, Leibowitz said, and remains in business.

In a news release, Davis pronounced himself "pleased with this agreement" because it sets advertising guidelines for the entire industry.

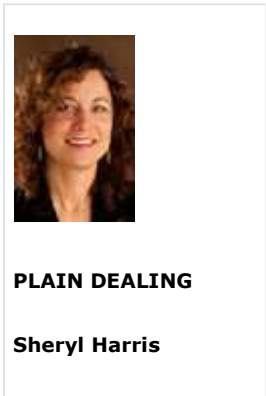
But Leibowitz and others who announced the settlement warned that no service can prevent all types of identity theft.

The settlement announced today covers consumers who were Lifelock customers from April 2005 through March 2009.

Affected consumers will receive joint letters from the FTC and their state attorneys general telling them how to opt into the settlement. The amount distributed to each consumer will be determined by the number of people who opt in.

If you have questions about the settlement, visit the **FTC's web site** or, in Ohio, contact the **Ohio attorney general's office** at 1-800-282-0515.

Residents of Alaska, Arizona, California, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Missouri, Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, and West Virginia are covered by the settlement. To reach attorneys general of those states, try **www.naag.org**.



For tips on how you can protect yourself from ID theft without paying for useless services, visit **my ID theft checklist**.

Good news: Harold Williams, who heads Cleveland Legal Aid's consumer law unit, was awarded the first-ever William J. Brown Consumer Protection Award by Ohio Attorney General Richard Cordray.

Williams has an encyclopedic knowledge of consumer law –no surprise since he's the longtime editor of Ohio Consumer Law, a legal reference that serves a bible for judges and attorneys.

The award is named after the late William "Bill" Brown, Ohio attorney general from 1971 to 1983, who created the agency's consumer protection section. It was presented at Cordray's Consumer Protection Summit in Columbus last Thursday.

Williams said his acceptance of the award confirms the dignity that consumers should expect in the marketplace. Watch a video clip about the Bill Brown award and Williams' acceptance speech (about 20:10 in) **here**.

A farewell

Tom Allio will retire as senior director for the Cleveland Diocesan Social Action Office at the end of this week. He also resigned as chair of the Ohio Coalition for Responsible Lending, from which he led the still-unfinished fight against payday lending.

Suzanne Acker of COHHIO, a member organization, summed up his 32-year career: "He has been such a wonderful proponent of all that is good."

Allio promises to continue to his work for social justice.

BBB warns of scam

The Cleveland Better Business Bureau warns that scammers are using its name. The BBB said an area resident got a call Tuesday telling him he'd won \$1.8 million and a Mercedes.

It was not the scammer's lucky day. The guy refused to wire money to Jamaica to collect the prize.

The BBB warned of another scam that uses Walmart's name. This one asks "winners" to mail away a nominal amount in order to receive a \$50 gift card.

Nice of scammers to be so active during National Consumer Protection Week.

Reach **Sheryl Harris by email** or follow her on **twitter.com/consumerwriter**

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