



California Public Utilities Commission

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News Release

FOR IMMEDIATE RELEASE

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PUC And Attorney General Complaint Of Deceptive Marketing Leads To Superior Court Judgment Against Calling Card Provider

SAN FRANCISCO, April 13, 2007 – The California Public Utilities Commission (PUC) today announced that as a result of its work with the California Attorney General (AG), the Superior Court of California has issued a ground-breaking judgment that requires California prepaid calling card companies Devine Communications, Inc. and Megalink Telecom, Inc. (Devine) to clearly disclose all fees, surcharges, and other costs (including “maintenance fees”) associated with the use of their prepaid calling cards, and prohibits misleading advertising. The judgment also imposes civil penalties of \$118,000 on Devine. Devine, a California Corporation, markets and distributes prepaid calling cards and prepaid calling services in California and several other states, primarily to Filipino consumers.

“Prepaid calling cards are simply another way telephone services are resold,” said Richard Clark, Director of the PUC’s Consumer Protection and Safety Division. “They have been the source of significant numbers of consumer complaints about false advertising. We anticipate that this will be the first of several cases against such deceptive business practices in this industry.”

The judgment was entered into as a result of a stipulation among the PUC, the AG, and Devine. The stipulation resolves a complaint by the PUC and AG alleging that Devine operated without a license, engaged in unfair competition, and disseminated untrue and misleading statements. The PUC/AG complaint alleged that Devine overstated the number of minutes of calling time to various destinations, charged substantial undisclosed surcharges and fees that quickly used up the balance in its prepaid calling cards, and in some cases even failed to disclose that it was the company offering the service. Devine has sold cards in California under numerous brands, including “Suertang Dagat Lucky Sea,” “Buong Mondo,” “Tipid Na Tipid,” “Pinoy Ilocano,” “Coast to Coast,” “Pacman,” “People Power,” and “Viva Latina.”

The PUC is pursuing investigation of other prepaid calling card providers in response to consumer complaints and recent market activities suggesting rampant consumer abuse. “Prepaid calling cards are often used in immigrant, low-income and/or non-English speaking communities where the customer may not have access to less-expensive or more reliable long-distance calling alternatives,” said Mr. Clark. “These cards often come with many undisclosed surcharges and ‘maintenance fees’ attached, which means that the customer often gets much less time than actually promised.”

The PUC is committed to pursuing fraudulent market behaviors that harm telecommunications consumers, as announced in its Decision (D. 06-03-013) establishing *Market Rules to Empower Telecommunications Consumers and to Prevent Fraud*.

The judgment, stipulation, and complaint are available on the PUC’s website at www.cpuc.ca.gov/static/aboutcpuc/divisions/consumer+protection/enforcement+branch/030221_phonecards.htm.

For more information on the PUC, please visit www.cpuc.ca.gov.

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