

Vonage to settle investigation involving 32 states

November 16 2009

(AP) -- Internet phone service provider Vonage Holdings Corp. has agreed to pay \$3 million to 32 states to settle an investigation into some of its business practices.

In a filing Monday with the Securities Exchange Commission, the company said it also agreed to provide refunds to affected customers.

Idaho Attorney General Lawrence Wasden said his office received complaints from consumers who said they found it difficult to cancel their service with [Vonage](#) amid pressure from the company to keep their accounts.

Texas officials said that Vonage also failed to clearly tell potential customers that they needed to have high-speed Internet service to use Vonage, which offers cheaper calls by sending voice data over the Internet just like e-mail and Web pages. Officials said those unable to use the service had to pay cancellation and other fees.

Maine's attorney general, Janet Mills, said Vonage will revise what it discloses regarding offers of "free" services, money-back guarantees and trial periods.

Holmdel, N.J.-based Vonage said there was no finding of any wrongdoing or violation by the company. In the SEC filing, Vonage said it agreed to make unspecified changes to its business practices, some of which the company had already implemented.

The 32 states are sharing the \$3 million settlement to cover legal and other costs, and any refunds owed by Vonage are on top of that amount. Claims can be filed through attorneys general for the participating states.

Besides Idaho, Maine and Texas, the other states participating in the settlement are Alabama, Arizona, Arkansas, Connecticut, Florida, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Michigan, Missouri, Montana, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Vermont, Washington, West Virginia and Wisconsin.

Wisconsin launched the investigation in November 2007.

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