



NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.
See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).

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VERIZON TO PAY \$7.4 MILLION TO SETTLE CONSUMER PRIVACY INVESTIGATION

Company Failed to Notify Approximately Two Million Customers of their Privacy Rights Prior to Conducting Thousands of Marketing Campaigns; Agrees to Three-Year Compliance Plan

Washington, DC – The Federal Communications Commission’s Enforcement Bureau has reached a \$7.4 million settlement with Verizon to resolve an investigation into the company’s use of personal consumer information for marketing purposes. The Enforcement Bureau’s investigation uncovered that Verizon failed to notify approximately two million new customers, on their first invoices or in welcome letters, of their privacy rights, including how to opt out from having their personal information used in marketing campaigns, before the company accessed their personal information to market services to them. In addition to the \$7.4 million payment, Verizon has agreed to notify customers of their opt-out rights on every bill for the next three years.

“In today’s increasingly connected world, it is critical that every phone company honor its duty to inform customers of their privacy choices and then to respect those choices,” said Travis LeBlanc, Acting Chief of the FCC’s Enforcement Bureau. “It is plainly unacceptable for any phone company to use its customers’ personal information for thousands of marketing campaigns without even giving them the choice to opt out.”

Phone companies collect an array of sensitive personal information about their customers, like billing and location data, and the Communications Act requires them to protect the privacy of that information. A phone company is generally prohibited from accessing or using certain personal information except in limited circumstances like marketing, but only after getting the customer’s approval. It can obtain approval through either an “opt-in” or “opt-out” process. When that process is not working properly, the company must report the problem to the FCC within five business days.

For many of its customers, Verizon has used an opt-out process, sending opt-out notices to customers either as a message in their first bill or in a welcome letter. During its investigation, the Enforcement Bureau learned that, beginning in 2006 and continuing for several years thereafter, Verizon failed to generate the required opt-out notices to approximately two million customers, depriving them of their right to deny Verizon permission to access or use their personal information for certain marketing purposes. Moreover, the Enforcement Bureau learned that Verizon personnel failed to discover these problems until September 2012, and the company failed to notify the FCC of these problems until January 18, 2013, 126 days later.

Under the terms of the Consent Decree the FCC announced today, Verizon must take significant steps to improve how it protects the privacy rights of its customers. For example, Verizon will now include opt-out notices on every bill, not just the first bill, and it will put systems in place to monitor and test its billing systems and opt-out notice process to ensure that customers are receiving proper notices of their privacy rights. Any problems detected that are more than an anomaly must be reported to the Commission within five business days, and any noncompliance must be reported as well.

To resolve the matter, Verizon will pay \$7.4 million to the U.S. Treasury, which is the largest such payment in FCC history for settling an investigation related solely to the privacy of telephone customers' personal information.

For more information about the FCC's rules for ensuring the privacy of consumers' CPNI, see the FCC consumer guide, "Protecting Your Telephone Calling Records" available here: <http://www.fcc.gov/guides/protecting-your-telephone-calling-records>. For information about other communications issues, visit the FCC's Consumer website, or contact the FCC's Consumer Center by calling 1-888-CALL-FCC (1-888-225-5322) voice or 1-888-TELL-FCC (1-888-835-5322) TTY; faxing 1-866-418-0232; or by writing to:

Federal Communications Commission
Consumer and Governmental Affairs Bureau
Consumer Inquiries and Complaints Division
445 12th Street, SW
Washington, DC 20554

The Order and Consent Decree are available at: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-14-1251A1.pdf

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