



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 & SPRINT TO PAY \$158 MILLION TO SETTLE MOBILE CRAMMING INVESTIGATIONS

Major enforcement actions will provide current and former customers with refunds for unauthorized third-party charges on customer bills

Washington, D.C. – The Federal Communications Commission’s Enforcement Bureau announced today that Verizon Wireless will pay \$90 million and Sprint Corporation will pay \$68 million to settle investigations that revealed the companies billed customers millions of dollars in unauthorized third-party premium text messaging services, a practice called “cramming.” With today’s two cramming cases, the FCC, working together with the Consumer Financial Protection Bureau, the Federal Trade Commission, and states’ attorneys general has brought a total of \$353 million in penalties and restitution against the U.S.’s four largest wireless carriers, structuring these settlements so that \$267.5 million of the total will be returned to affected customers.

“For too long, consumers have been charged on their phone bills for things they did not buy,” said FCC Chairman Tom Wheeler. “We call these fraudulent charges ‘cramming,’ and with today’s agreements we are calling them history for Verizon and Sprint customers.”

“Consumers rightfully expect their monthly phone bills will reflect only those services that they’ve purchased,” said Travis LeBlanc, Chief of the FCC’s Enforcement Bureau. “Today’s settlements put in place strong protections that will prevent consumers from being victimized by these kinds of practices in the future.”

The monthly charge for these third-party premium text messaging services ranged from \$0.99 to \$14.00, but typically were \$9.99 per month. Verizon retained 30% or more of each third-party charge that it billed, while Sprint received approximately 35% of collected revenues for each of its third-party charges. Numerous consumers have complained to the FCC, other government agencies, and the carriers that they never requested or authorized the third-party services for which they were charged. Customers who called to complain were often denied refunds, and yet, when the FCC requested proof that customers had authorized charges, the carriers were unable to prove that these services were ever requested.

Under the terms of the agreements the FCC announced today, Verizon’s \$90 million settlement will include a minimum of \$70 million to fund a consumer redress program, \$16 million for state governments participating in the settlement, and \$4 million as a fine paid to the U.S. Treasury. Sprint’s \$68 million settlement will include a minimum of \$50 million to fund a consumer redress program, \$12 million for state governments participating in the settlement, and \$6 million as a fine paid to the U.S. Treasury. The settlements were negotiated in coordination with the Consumer Financial Protection Bureau and the attorneys general of all 50 states and the District of Columbia.

In addition to requiring the carriers pay a total of \$158 million, the Enforcement Bureau has also secured

strong consumer protections in the settlement that reform both internal processes as well as how the company interacts and discloses information to their consumers. These protections include requirements that the carriers:

- no longer offer commercial third-party PSMS charges
- obtain informed consent from customers prior to allowing third-party charges
- clearly and conspicuously identify third-party charges on bills
- offer a free service for customers to block all third-party charges
- regularly report to the FCC on compliance and refunds to customers

Placement of unauthorized charges and fees on consumers' telephone bills is an "unjust and unreasonable" practice that is unlawful under the Communications Act. Since January 2014, the Commission has taken 19 enforcement actions totaling \$391 million for cramming violations, including:

- October 2014, AT&T Mobility - \$105 million
- December 2014, T-Mobile USA, Inc. - \$90 million

Current and former Sprint and Verizon wireless customers should review their bills and contact Sprint and Verizon if they suspect unauthorized third-party charges were wrongly added to their bills.

For more information about the FCC's rules protecting consumers from unauthorized charges on phone bills, see the FCC consumer guide, [Cramming - Unauthorized, Misleading, or Deceptive Charges Placed on Your Telephone Bill](#).

The Orders and Consent Decrees are available at:

- Sprint: https://apps.fcc.gov/edocs_public/attachmatch/DA-15-536A1.pdf
- Verizon: https://apps.fcc.gov/edocs_public/attachmatch/DA-15-537A1.pdf

The FCC's prior Order and Consent Decrees regarding cramming available at:

- AT&T: https://apps.fcc.gov/edocs_public/attachmatch/DA-14-1457A1_Rcd.pdf
- T-Mobile: https://apps.fcc.gov/edocs_public/attachmatch/DA-14-1704A1_Rcd.pdf