



ATTORNEY GENERAL ANNOUNCES 50-STATE \$158 MILLION MOBILE CRAMMING SETTLEMENTS WITH SPRINT AND VERIZON

(MONTGOMERY)--Attorney General Luther Strange today announced that his Utilities Section – along with the Attorneys General of the other 49 States and the District of Columbia, the Consumer Financial Protection Bureau, and the Federal Communications Commission – reached settlements with Sprint Corporation (“Sprint”) and Cellco Partnership d/b/a Verizon Wireless (“Verizon”). These settlements include \$158 million in payments, and resolve allegations that Sprint and Verizon placed charges for third-party services on consumers’ mobile telephone bills that were not authorized by the consumers, a practice known as “mobile cramming.”

Consumers who have been “crammed” often have charges, typically \$9.99 per month, for “premium” text message subscription services (also known as “PSMS” subscriptions) such as horoscopes, trivia, and sports scores that the consumers have never heard of or requested.

Sprint and Verizon are the third and fourth mobile telephone providers to enter into a nationwide settlement to resolve allegations regarding cramming. Attorney General Strange announced similar settlements with AT&T in October of 2014 (\$105 million), and T-Mobile in December of 2014 (\$90 million). All four mobile carriers announced in the fall of 2013 that they would cease billing customers for commercial PSMS.

“It is important that consumers are not forced to pay for services of which they are unaware and that they never requested,” said Attorney General Strange. “This settlement puts sensible protections in place and compensates consumers who have been wronged.”

Under the terms of the settlements, Sprint will pay \$68 million and Verizon will pay \$90 million. Of these amounts, Sprint and Verizon are required to provide \$50 million and \$70 million, respectively, to consumers who were victims of cramming. Sprint and Verizon will each distribute refunds to harmed consumers through redress programs that will be under the supervision of the Consumer Financial Protection Bureau. Sprint will also pay \$12 million to the Attorneys General and \$6 million to the Federal Communications Commission. Verizon will also pay \$16 million to the Attorneys General and \$4 million to the Federal Communications Commission.

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Consumers can submit claims under the redress programs by visiting www.SprintRefundPSMS.com and/or www.CFPBSettlementVerizon.com. On those websites, consumers can submit claims, find information about refund eligibility and how to obtain a refund, and can request a free account summary that details PSMS purchases on their accounts. Consumers who have questions about the redress programs can visit the program websites or call the settlement administrators at: (877) 389-8787 (Sprint), and/or (888) 726-7063 (Verizon).

These settlements, like the settlements entered into by AT&T and T-Mobile in late 2014, require Sprint and Verizon to stay out of the commercial PSMS business – the platform to which law enforcement agencies attribute the lion’s share of the mobile cramming problem. Under each of the four settlements, the carriers, including Sprint and Verizon, also must take a number of steps designed to ensure that they only bill consumers for third-party charges that have been authorized, including the following:

- The carriers must obtain consumers’ express consent before billing consumers for third-party charges, and must ensure that consumers are only charged for services if the consumers have been informed of all material terms and conditions of their payment;
- The carriers must give consumers an opportunity to obtain a full refund or credit when they are billed for unauthorized third-party charges;
- The carriers must inform their customers when they sign up for services that their mobile phone can be used to pay for third-party charges, and must inform consumers of how those third-party charges can be blocked if the consumers do not want to use their phone to pay for third-party products; and
- The carriers must present third-party charges in a dedicated section of consumers’ mobile phone bills, must clearly distinguish them from the carrier’s own charges, and must include in that same section information about the consumers’ ability to block third-party charges.

The State of Alabama is receiving \$306,481 for its participation in the Sprint and Verizon settlements.