



News Release

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Contact: Leigh Ann Jones
615-741-5860

ATTORNEY GENERAL ANNOUNCES \$90 MILLION SETTLEMENT WITH T-MOBILE

Tennessee Attorney General Herbert Slatery and Bill Giannini, the acting Director of the Tennessee Division of Consumer Affairs (DCA), along with the attorneys general of the other 49 States, the District of Columbia, the Federal Trade Commission, and the Federal Communications Commission, today reached settlements with T-Mobile USA, Inc. The settlements include at least \$90 million in payments and resolve allegations that T-Mobile placed charges for third-party services on consumers' mobile telephone bills that were not authorized by the consumer. This practice is known as "mobile cramming."

Consumers who have been "crammed" often incurred charges, typically \$9.99 per month, for "premium" text message subscription services (PSMS) such as horoscopes, trivia, and sports scores that the consumers have never heard of or requested. The Attorneys General and federal regulators allege cramming occurred when T-Mobile placed charges from third-parties on consumers' mobile telephone bills without the consumer's knowledge or consent.

"It is frustrating when you realize you have been charged for something and you do not know what the charge is for. We are pleased that T-Mobile worked with us in an attempt to stop the practice," said Attorney General Slatery.

Consumers can visit <http://www.t-mobilerefund.com> to submit a claim, find information about refund eligibility and request a free account summary that details PSMS purchases on their accounts. Consumers may also call the Refund Administrator at (855) 382-6403.

"This is a fair settlement and sends a clear message that Tennessee takes "cramming" seriously and will remain vigilant in our efforts to rid it from our marketplace," said, Bill Giannini, Department of Commerce and Insurance Deputy Commissioner/Acting Director of Consumer Affairs.

The settlement requires T-Mobile 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. In addition, T-Mobile must also take a number of steps designed to ensure it only bills consumers for authorized third-party charges, including the following:

- Obtaining consumers' express consent and ensuring consumers are only charged if they have been informed of all material terms and conditions of their payment;

- Giving consumers an opportunity to obtain a full refund or credit when they are billed for unauthorized third-party charges;
- Informing customers when they sign up for services their mobile phone can be used to pay for third-party charges, and how those third-party charges can be blocked if the consumer doesn't want to use their phone as a payment method for third-party products; and,
- Presenting third-party charges in a dedicated section of consumers' mobile phone bills, and clearly distinguishing them from T-Mobile charges.

Finally, under the terms of the settlement, T-Mobile must pay at least \$67.5 million to consumers (a portion of which may be paid by debt forgiveness) and, \$18 million to the Attorneys General and \$4.5 million to the Federal Communications Commission.

T-Mobile is the second mobile telephone provider to enter into a nation-wide settlement to resolve allegations regarding cramming. Tennessee was part of a similar, \$105 million settlement with AT&T earlier this year. T-Mobile and AT&T were among the four major mobile carriers—in addition to Verizon and Sprint—that announced they would cease billing customers for commercial PSMS in the fall of 2013.