



## PRESS RELEASE

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### **AG Frosh Announces \$158 Million Mobile Cramming Settlements with Sprint, Verizon**

*Customers of major carriers were billed for services they never authorized*

**Baltimore, MD (May 12, 2015)** - Attorney General Brian E. Frosh today announced settlements with two major cellular phone carriers over allegations of mobile cramming -- when consumers are charged for third-party services they did not authorize -- resulting in \$158 million in refunds to consumers and penalties.

Attorney General Frosh, who was scheduled to be joined at a news conference by Vermont Attorney General William Sorrell, Consumer Financial Protection Bureau Director Richard Cordray, and Federal Communications Commission Chairman Tom Wheeler, said that the settlement agreements with Sprint and Verizon Wireless hold the carriers accountable for unauthorized charges placed on consumers' cellular bills.

"Consumers were being charged for services they never signed up for, and in many cases, they never knew about because the fee was so hard to spot on their bills," said Attorney General Frosh. "We've put an end to that. But as mobile devices become a more popular way to make transactions, we need to stay vigilant to protect consumers."

Consumers who have been "crammed" often receive 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 neither knew about nor requested.

Combined with similar nationwide settlements last year with mobile carriers T-Mobile and AT&T, \$290 million in refunds are now available for consumers who were crammed.

An estimated 700,000 Maryland customers have been victims of cramming charges and are eligible for refunds. Sprint and Verizon customers can submit refund claims and request a free account summary that details PSMS charges on their accounts at [www.SprintRefundPSMS.com](http://www.SprintRefundPSMS.com) and [www.CFPBSettlementVerizon.com](http://www.CFPBSettlementVerizon.com), respectively. Consumers with additional questions may also call the settlement administrators at 877-389-8787 (Sprint) or 888-726-7063 (Verizon).

Under the terms of the settlements announced Tuesday with the Attorneys General of all 50 states and the District of Columbia, the CFPB and the FCC, Verizon will pay \$90 million and Sprint will pay \$68 million -- with \$70 million and \$50 million, respectively, earmarked for

restitution. Verizon will pay \$20 million in penalties to the states and the FCC, while Sprint will pay \$18 million.

Sprint and Verizon must also cease billing using PSMS -- the platform which law enforcement agencies say created the majority of the mobile cramming problem. To prevent cramming through other third-party billing platforms, Sprint and Verizon must also take steps to ensure that they only bill consumers for third-party charges that have been authorized by the consumer, including the following:

- Sprint and Verizon 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;
- Sprint and Verizon must give consumers an opportunity to obtain a full refund or credit when they are billed for unauthorized third-party charges;
- Sprint and Verizon must inform new customers, when they sign up for service, 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 services; and
- Sprint and Verizon 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.