

STATE OF MICHIGAN



**BILL SCHUETTE**  
ATTORNEY GENERAL

**FOR IMMEDIATE RELEASE**  
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# **Schuette Announces \$158 Million National Settlement with Sprint and Verizon for Cellphone ‘Cramming’**

*Michigan to receive \$538,934 from multi-million dollar national settlement over unauthorized charges on consumers’ cellphone bills*

**LANSING** – Michigan Attorney General Bill Schuette today announced that his Consumer Protection Team – along with 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 and Verizon Wireless that include \$158 million in payments, and that resolve allegations that Sprint and Verizon placed charges for third-party services (PSMS charges) on consumers’ cellphone bills that were not authorized by the consumers, a practice known as “mobile cramming.”

“Consumers should never have to pay for cellphone services they did not request,” said Schuette. “I am pleased that as a result of this and other settlements with cellular providers, we are better able to protect consumers from cellphone cramming going forward. We will continue to aggressively pursue anyone seeking to skirt the rules at the expense of Michigan families and their hard-earned dollars.”

Michigan is set to receive \$307,998 as a part of the Verizon settlement and \$230,936 from Sprint – \$538,934 altogether. In total, Michigan has received \$1,277,748 as a part of four national cramming settlements with major carriers. Sprint estimates that 10 - 12 million postpaid customers, plus an estimated 250,000 - 750,000 prepaid customers were levied a commercial PSMS charge on or after January 1, 2010 and will be eligible for redress under the Sprint settlement nationwide. It is estimated that 23.5 million Verizon Wireless consumers across the country will be eligible for redress under the settlement also. In Michigan, it is estimated that 726,150 Verizon customers and 316,725 - 393,975 Sprint customers will be eligible for redress under the settlements.

### **Background on Cellphone Cramming and Recent Settlements**

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

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

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. Refunds to current customers may be provided by the carriers as credits.

To inform eligible customers of their right to receive a refund under the settlement, the carriers will provide notice through the following methods:

- Through customer bills, via email, and via text message, for current customers.
- Via email, where possible, and mail, if email is not possible, for former customers.
- Provide additional notice to all current and former customers through an online notice and ad campaign.

### **How to Submit Claims**

Consumers can submit claims under the redress programs by visiting [www.SprintRefundPSMS.com](http://www.SprintRefundPSMS.com) and/or [www.CFPBSettlementVerizon.com](http://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 (877) 389-8787 (Sprint), and/or (888) 726-7063 (Verizon).

### **Protecting Consumers Going Forward**

The 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, must also take a number of steps designed to ensure that they only bill consumers for third-party charges that have been authorized, including:

- Obtain consumers’ express consent before billing consumers for third-party charges, and ensure that consumers are only charged for services if the consumers have been informed of all material terms and conditions of their payment;

- Give consumers an opportunity to obtain a full refund or credit when they are billed for unauthorized third-party charges;
- Inform their customers when they sign up for services that their mobile phone can be used to pay for third-party charges as well as 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,
- Present third-party charges in a dedicated section of consumers’ mobile phone bills, and clearly distinguish them from the carrier’s own charges as well as information about the consumers’ ability to block third-party charges.

Sprint must also pay \$12 million to the Attorneys General and \$6 million to the Federal Communications Commission. Verizon must also pay \$16 million to the Attorneys General and \$4 million to the Federal Communications Commission.

#### **Schuette: Stay on Guard Against Unauthorized Cellphone Charges**

“Always review cellphone bills thoroughly for charges that are unfamiliar or you don’t understand,” Schuette advises consumers. “Ignoring even the smallest charges can add up to big amounts over time. Some cramming charges can be as small as \$2 or \$3 per month and could be easy to miss. Before paying suspicious charges, consult with your cellphone provider to be sure you are paying for services that you authorized; your bill statement should explain how to dispute errors.”

#### **A.G. Schuette: Fighting for Michigan Consumers**

Since 2011, Schuette’s Consumer Protection Team has collected more than \$30 million in consumer refunds, cancelled debts, and civil penalties – the largest recovery recorded for any Michigan attorney general over a four-year period. Schuette’s office has also responded to more than 44,600 written consumer complaints through his consumer complaint mediation program since 2011.

Schuette encourages victims of unfair, misleading, or deceptive business practices to contact his Department’s Consumer Protection Team at 517-373-1140 or toll free at 877-765-8388.

To file a consumer complaint, Michigan residents can submit an online complaint form through the Attorney General’s website at <http://www.michigan.gov/AG> or by mail to:

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