

Joint Press Conference Announcing AT&T Mobile Cramming Settlement
October 8, 2014
Transcript

>> GOOD ANC, AND WELCOME TO THE WILSON BUILDING.

WE'RE DELIGHTED TO HOST THIS EVENT.

IT'S A VERY SIGNIFICANT EVENT.

IT IS A CUMBINATION OF VERY CLOSE WORK BETWEEN TWO VERY PROMINENT INDEPENDENT FEDERAL AGENCIES, AND THE STATE ATTORNEYS GENERAL, AND WE HAVE THE CHAIR OF EACH OF THOSE AGENCIES TODAY AND TWO OF MY FRIENDS AND SOME OF THE BEST ATTORNEYS -- STATE ATTORNEYS GENERAL IN THE COUNTRY.

SO THIS IS ALL DEALING WITH A VERY SERIOUS PROBLEM THAT THEY'RE HERE TO TELL US ABOUT A SOLUTION.

I'M VERY HONORED TO WELCOME ALL OF THEM AND WELCOME CHAIRMAN WHEELER AND CHAIRMAN RAMIREZ, AND BILL WHO CHAIRED THE EXECUTIVE COMMITTEE OF THE STATE ATTORNEYS GENERAL THAT LED TO THIS RESOLUTION, AND OUR NEIGHBOR AND GOOD FRIEND, DOUG GANDLER, THE ATTORNEY GENERAL OF MARYLAND.

WITHOUT FURTHER ADO I'LL TURN IT OVER TO CHAIRMAN RAMIREZ.

>> THANK YOU VERY MUCH.

I WANT TO THANK YOU FOR HOSTING US HERE THIS AFTERNOON.

I WANT TO ALSO THANK ALL OF YOU FOR BEING HERE WITH US.

I'M JOINED TODAY BY FCC CHAIRMAN, TOM WHEELER, ATTORNEY GENERAL WILLIAM SORREL, ATTORNEY GENERAL BEN GANSLER, AND GENERAL RICH OF

THE BUREAU CONSUMER PROTECTION
OF THE FEDERAL TRADE
COMMISSION.

AND THE CHIEF OF THE FCC'S
ENFORCEMENT BUREAU.

WE'RE ALL HERE THIS AFTERNOON
TO ANNOUNCE A VERY SIGNIFICANT
CIVIL LAW ENFORCEMENT ACTION
ON BEHALF OF MILLIONS OF
AMERICAN CONSUMERS.

AT&T HAS AGREED TO A \$105
MILLION SETTLEMENT WITH THE
FEDERAL TRADE COMMISSION, THE
FEDERAL TRADES COMMISSION, AND
THE ATTORNEYS GENERAL TO
RESOLVE ALLEGATIONSS THAT IT
UNLAWFULLY PLACED CHARGES ON
MOBILE PHONE BILLS FOR MONTHLY
SUBSCRIPTIONS THAT CUSTOMERS
NEVER AUTHORIZED AND DIDN'T
WANT.

THIS PRACTICE, WHICH IS KNOWN
AS CLAMING, AFFECTED MILLIONS
OF AT&T MOBILE CUSTOMERS.

UNDER THE TERMS OF THE
SETTLEMENT, AT&T WILL PAY THE
FTC \$80 MILLION WHICH WILL BE
USED TO GIVE REFUNDS TO
AFFECTED CUSTOMERS.

STARTING TODAY, CONSUMERS CAN
GO TO THE FTC WEBSITE, AND
SEEK A REFUND IF THEY BELIEVE
THAT THEY'RE ELIGIBLE.

OUR INVESTIGATION SHOWED THAT
AT&T SINCE AT LEAST 2009
PLACED CHARGES BY OTHER
COMPANIES ON TO ITS CUSTOMERS
MOBILE PHONE BILLS FOR
UNAUTHORIZED SERVICES.

TYPICALLY, THESE CHARGES WERE
\$9.99 A MONTH TO REEVE TEXT
MESSAGES WITH CONTENT SUCH AS
HOROSCOPES, CELEBRITY GOSSIP
OR QUOTE, FUN FACTS, LIKE
THOSE THAW SEE DISPLAYED HERE
IN THE ROOM.

WE ALLEGE THAT AT&T HAD STRONG REASON TO SUSPECT THAT THE CHARGES WERE UNAUTHORIZED, YET CONTINUED TO PLACE THESE CHARGES ON ITS CUSTOMERS BILLS.

IN SOME MONTHS, CONSUMERS REQUESTED REFUNDS OF MORE THAN 40% OF THE CHARGES PLACED BY SOME THIRD PARTIES.

THIS SHOULD HAVE AND, IN FACT, DID RING ALARM BELLS AT AT&T. BUT INSTEAD OF ACTING TO STOP THE CHARGES, AT&T CONTINUED TO MAKE HUNDREDS OF MILLIONS OF DOLLARS FROM THE PRACTICE BY TAKING AT LEAST 35% OF EVERY CHARGE AND REFUSED TO PROVIDE REFUNDS TO MANY CONSUMERS.

IN FACT, OUR COMPLAINT ALLEGES IN 2011, AT&T SOUGHT TO REASSURE THE THIRD PARTIES ORIGINATING THE UNAUTHORIZED CHARGES THAT IT WOULD NOT PROVIDE FULL REFUNDS TO CUSTOMERS.

AT&T TOLD THESE COMPANIES THAT IT WOULD QUOTE, HELP LOWER REFUNDS BY ONLY PROVIDING REFUNDS UP TO TWO MONTHS WORTH OF CHARGES NO MATTER HOW LONG THE UNAUTHORIZED CHARGES EXISTED ON CONSUMERS BILLS.

WE ALSO ALLEGE THAT THE STRUCTURE OF THE BILLS MADE IT DIFFICULT, IF NOT IMPOSSIBLE FOR CONSUMERS TO UNDERSTAND THAT THEY WERE PAYING A RECURRING MONTHLY CHARGE FROM A THIRD PARTY, AND NOT AT&T. THE DISPLAY BEHIND US SHOWS THAT AT&T PRESENTED ITS CUSTOMERS THE BILLS THAT LUMPED THE THIRD PARTY CHARGES INTO THE TOTAL AMOUNT DUE ON THE FRONT PAGE OF THE BILL,

AND THAT LATER IN THE BILL WOULD A CONSUMER SEE THE INDIVIDUAL CHARGE WHICH RARELY DESCRIBED THE ALLEGED SERVICE. THE CHARGES WERE PLACED IN A SUGGEST CALLED AT&T MONTHLY SUBSCRIPTIONS, WHICH SUGGESTED TO CONSUMER THAT IS THESE WERE FOR SERVICES PROVIDED BY AT&T AND NOT BY THIRD PARTIES. TODAY'S SETTLEMENT, WHILE FOCUSED ON THE FAST GROWING MOBILE INDUSTRY UNDERSCORES A TIME TESTED PRINCIPLE OF CONSUMER PROTECTION. CONSUMERS MUST NOT BE CHARGED FOR BUSINESSES OR SERVICE THAT IS THEY DIDN'T AUTHORIZE, WHETHER IT'S ON THEIR MOBILE PHONE, SHOPPING ONLINE OR IN A BRICK AND MORTAR STORE. IN ADDITION TO THE \$80 MILLION IN REFUNDS TO CONSUMERS THROUGH THE FTC, AND \$25 MILLION IN PEMENTS PAID TO THE FCC AND TO THE STATE, TODAY'S SETTLEMENT CONTAINS STRONG RESTRICTIONS THAT WILL PREVENT AT&T FROM DECEPTIVELY AND UNFAIRLY BILLING FOR UNAUTHORIZED THIRD PARTY CHARGES. THESE INCLUDE NOTIFICATIONS FOR CURRENT CUSTOMERS WHO MAY HAVE BEEN WRONGLY BILLED AND THE REQUIREMENT THAT AT&T OBTAIN EXPRESS INFORMED CONSENT FROM CONSUMERS FOR THIRD PARTY CHARGES, THAT THEY CLEARLY AND CONSPICUOUSLY DISCLOSE THIRD PARTY CHARGES AND THAT THEY BOLSTER THEIR REFUND PRACTICES FOR THIRD PARTY CHARGES. THIS CASE IS THE FTC'S SEVENTH RELATEED TO MOBILE CRAMMING

SINCE LAST YEAR, INCLUDING T
MOBILE.
AND WE'VE BEEN FIGHTING
CRAMMING ON LAND LINE PHONE
BILLS FOR WELL OVER A DECADE.
THE FTC IS USING ITS AUTHORITY
TO HELP ENSURE THAT MOBILE
DEVICES BECOME MORE FIRMLY
WOVEN INTO THE LIVES OF A
GREATER NUMBER OF AMERICANS
AND ENJOY THE CONSUMER
PROTECTIONS THEY HAVE IN
OTHERS ASPECTS OF THEIR LIVES.
AGAIN, I WANT TO REMIND AT&T

AT&T
CUSTOMERS TO VISIT THE WEBSITE
FOR INFORMATION ON THE REFUND
PROGRAM, AND THANK OUR
PARTNERS HERE TODAY, AND FROM
AROUND THE COUNTRY FOR THEIR
CLOSE COOPERATION AND
CONCERTED EFFORTS IN SECURING
THIS STRONG SETTLEMENT FOR
CONSUMERS.
WITH THAT, I'M GOING TO TURN
OVER THE FLOOR TO MY
COLLEAGUE, CHAIRMAN WHEELER.
CHAIRMAN WHEELER HAS BEEN A
PARTNER IN BRINGING ABOUT THE
SETTLEMENT, DESPITE THE
DEMANDS OF THE IMPORTANT WORK
THAT THE FCC IS UNDERTAKING
WHICH I STRONGLY SUPPORT, TO
DEVELOP APPROPRIATED
REGULATIONS TO ENSURE AN OPEN
INTERNET.
>> THANK YOU, MADAM CHAIR
WOMAN, AND I ASSOCIATE MYSELF
WITH THE REMARKS THAT THE
CHAIR WOMAN HAS MADE AND POINT
OUT AND REITERATE THE POINT
SHE MADE ABOUT THE IMPORTANCE
OF TWO FEDERAL AGENCIES AND 51
STATE ATTORNEYS GENERAL FOR
WORKING TOGETHER.

WE WERE BOTH, THE FCC AND THE
FTC MOVING ON A COURSE WITH
REGARD TO THIS CRAMMING
ACTIVITY THAT AT&T WAS ENGAGED
IN, AND WE HAVE COME TOGETHER
IN WHAT WILL NOT BE THE LAST
TIME TO ADDRESS IMPORTANT
CONSUMER PROTECTION CONCERNS.
SO I THINK THERE ARE REALLY
THREE THINGS THAT ARE
NOTEWORTHY ABOUT WHAT THE
CHAIRWOMAN JUST ANNOUNCED.
ONE IS THAT IT IS NOT THE LAST
TIME THAT WE WILL ACT JOINTLY,
THAT WE HAVE BEEN MOVING
INDIVIDUALLY AND NOW
COLLECTIVELY.
TWO, THAT THERE IS NO DUALITY
BETWEEN US.

BETWEEN US.
THERE HAVE BEEN ATTEMPTS TO
SHOW THERE MAY BE.
WE HAVE TWO DIFFERENT
STATUTES, BUT WE HAVE ONE
COORDINATED ENFORCEMENT GOAL
OF THE FCC AND THE FTC WORKING
TOGETHER, AND WITH OUR
COLLEAGUES AT THE STATE.
IT'S A PRIVILEGE TO BE WORKING
WITH THE STATE ATTORNEYS
GENERAL.
IT'S NOT AN EVERYDAY
OCCURRENCE THAT 51 STATE
ATTORNEYS GENERAL WORK
TOGETHER WITH US, BOTH OUR
AGENCY, ON THIS, AND GENERAL
SORREL, AND GENERAL GENSLER
DESERVE A GREAT DEAL OF
CREDIT.
CREDIT IS ALSO VERY MUCH DUE
TO CHAIRMAN RAMIREZ -- WE MAY
SIT HERE AND GET TO MAKE THE
STATEMENTS.
JESSICA RICH, THE HEAD OF THE
FTC'S CONSUMER PROTECTION

DIVISION AND TRAVIS LEBLANC,
THE HEAD OF THE ENFORCEMENT
DIVISION FOR THE BUREAU AT THE
FCC ARE THE ONES REALLY PUT
THIS TOGETHER AND THEY ARE WHY
THINGS ARE HAPPENING.

THE \$105 MILLION IS HISTORIC
IN MANY WAYS.

IT'S THE LARGEST CRAMMING
SETTLEMENT IN HISTORY.

IT'S THE LARGEST FCC
ENFORCEMENT IN HISTORY.

AND IT'S THE FIRST, BUT NOT
THE LAST, JOINT ENFORCEMENT
EFFORT OF THE FCC, THE FTC AND
THE ATTORNEYS GENERAL, AND
WE'RE GRATEFUL TO THE FTC FOR
STEPPING UP, AND AGREEING TO
BE THE VEHICLE BY WHICH THE
MONIES END UP GETTING
DISSEMINATED.

BECAUSE THERE'S A SIMPLE FACT
HERE.

FOR TOO LONG, CONSUMERS HAVE
BEEN CHARGED ON THEIR PHONE
BILLS FOR THINGS THEY DID NOT
BUY.

IT'S ESTIMATED THAT 20 MILLION
CONSUMERS A YEAR ARE CAUGHT IN
THIS KIND OF TRAP.

COSTING HUNDREDS OF MILLIONS
OF DOLLARS.

IT STOPS TODAY FOR AT&T.

THIS \$105 MILLION SETTLEMENT
IS GOING TO PUT MONEY BACK
INTO THE WALLETS OF CONSUMERS
WHO WERE VICTIMIZED BY THE
PRACTICE.

MILLIONS OF AT&T CUSTOMERS
WILL BE ABLE TO RECLAIM MONIES
THAT WERE FRAUDULENTLY TAKEN
OUT OF THEIR PAYCHECKS.

WE ENCOURAGE AT&T WIRELESS
CUSTOMERS BOTH PAST AND
PRESENT TO REVIEW THEIR BILLS
AND IF APPROPRIATE, STEP UP

ASK MAKE A CLAIM FOR THOSE FUNDS.

BUT BEYOND THIS, THIS SETTLEMENT PROTECTS CONSUMERS GOING FORWARD, BECAUSE AT&T HAS AGREED TO CHANGE THEIR BUSINESS PRAS.

THEY'RE GOING TO STOCH PREMIUM TEXT BILLING FOR COMMERCIAL ACTIVITIES.

THEY ARE GOING TO REQUIRE EXPRESS INFORMED CONSENT BEFORE THEY PUT ANYTHING ON A CONSUMER'S BILL.

THAT MEANS A DOUBLE CHECK. YES, I WANT TO BE BILLED FOR THIS.

THEIR BILLS ARE GOING TO BE CLEAR AND CONCISE, AND THEY'RE GOING TO INFORM CONSUMERS, BOTH THROUGH THEIR BILLS AND THROUGH TEXT MESSAGES THAT THEY HAVE A RIGHT TO.

>> WE HEARD WHEN THEY CHECKED THEIR CELL PHONE BILL AFTER RECEIVING A CALL FROM US, THEY FOUND THAT FOR THE PRECEDING FIVE MONTHS THEY HAD BEEN CHARGED 9.99 A MONTH FOR SOMETHING CALLED MOBILE LOVE ALERTS.

AND WHEN THEY CALLED AT&T, YOU MUST HAVE AUTHORIZED THIS, AND REQUESTED ESSENTIALLY DEMANDED RESTITUTION REIMBURSEMENT. SHE WAS TOLD, YOU'VE ALREADY RECEIVED IT, AND DESPITE HAVING GONE BACK THROUGH HER BILLING, SHE COULDN'T FIND ANY EVIDENCE SHE HAD.

SO ART AND LAURIE WILL BE POTENTIAL RECIPIENTS OF THE RESTITUTION FUND HERE.

I'LL MENTION ONE MORE VERMONTER, AND THEY AUTHORIZED ME TO GIVE THEIR NAMES.

IN THIS CASE A FORMER VERMONTDER, JOHN TARUREO, USED TO BE FROM JOE, AND MENTIONED 9.99 A MONTH AS ESSENTIALLY THE STANDARD CHARGE.

WELL, THERE'S XWIET A RANGE OF CHARGES.

MR. TATORO LOOKED AND FOUND HE HAD BEEN CHARGED 59.97 A MONTH BY AT&T.

WHEN WE CALLED TO SAY WHAT'S THIS CHARGE, IT'S NOT A SERVICE I DIDN'T AUTHORIZE IT. HE WAS TOLD, WELL, SOMEONE IN YOUR HOUSEHOLD MUST HAVE AUTHORIZED THIS.

HE SAID, NO WAY, NO HOW.

ALL HE COULD THINK OF WAS THAT HE RECEIVED AN UNSOLICITED TEXT MESSAGE WHICH HE HAD NOT READ, BUT DELETED, BUT THAT THAT WAS DEEMED TO BE HIS AGREEMENT TO PUT THESE SERVICES AND CHARGES ON HIS BILL.

I SAID WE SURVEYED AND RE-SURVEYED VERMONTERS WITH THIRD PARTY CHARGES ON THEIR CELL PHONE BILLS AND WE FOUND APPROXIMATELY 60% OF THOSE WITH THIRD PARTY CHARGES ON THEIR BILLS DIDN'T KNOW THEY WERE THERE, AND HADN'T AUTHORIZED THEM.

AND PERHAPS MORE COMPELLINGLY, 80% OF THOSE VERMONTERS SURVEYED HAD NO IDEA THAT THEIR CELL PROVIDER COULD PUT THIRD PARTY CHARGES ON THEIR BILLS.

AND HAD I BEEN SURVEYED IN THE SUMMER OF 2010 BY MY STAFF, I WOULD HAVE BEEN WITH THE MAJORITY ON BOTH OF THOSE ANSWERS.

SO I'M REALLY HAPPY TO BE HERE

REPRESENTING THE STATES ALONG
WITH GENERAL GANSLER.

THIS IS A REAL ACCOMPLISHMENT.
IT'S NOT ONLY SIGNIFICANT
MONIES IN RESTITUTION FOR
FOLKS ALL OVER THE COUNTRY,
AND WE THINK AS MANY AS 25,000
VERMONTERS, CONSERVATIVELY
MIGHT BE IN THAT ELIGIBILITY
POOL FOR THESE FUNDS, BUT FOR
THE COUNTRY.

WE THINK AS MANY AS 25,000
VERMONTERS MIGHT BE IN THAT
ELIGIBILITY POOL FOR THESE
FUNDS, BUT A VERY REAL
IMPORTANCE IS THE SO-CALLED
INJURY REPAIR OR PRESCRIPTIVE
RELIEF WE HAVE GOING FORWARD
WHICH SHOULD CERTAINLY REDUCE
AND HOPEFULLY ELIMINATE THIS
UNFORTUNATE SCAM ON MILLIONS
AND MILLIONS OF AMERICANS.
SO IT HAS BEEN SUGGESTED THAT WE
HAVE MORE WORK TO DO.

WE DO, BUT TODAY WE CELEBRATE
AND ACKNOWLEDGE A BIG FIRST
STEP IN THIS FIGHT TO PROTECT
AND SERVE THE CONSUMERS.

THANK YOU.

THANK YOU.

GENERAL SORREL, AND THANK YOU,
JRNAL IRVIN FOR HAVING US.

>> STATE THE OBVIOUS.

WE ARE HERE IN WHAT HAS BEEN
AN UNPRECEDENTED RELATIONSHIP
BETWEEN THE FEDERAL GOVERNMENT
AND THE STATE ATTORNEYS
GENERAL THE LAST EIGHT YEARS,
THAT WE FIND SO MANY OF THESE
PARTNERSHIPS THAT OCCUR AND
LED TO SETTLEMENTS OF THIS
NATURE.

OF COURSE, THE TRUE HEROES ARE
THE STAFF MEMBER WHO IS ARE
SITTING IN THE AUDIENCE AND
FROM THE FTC AND THE FCC AND

THE STATE ATTORNEYS GENERAL
OFFICES AND FROM OUR OWN
OFFICE.

PAT IS HERE AND PHIL DITMAN IS
HERE, AND WE WORKED WITH THE
VERMONT ATTORNEY GENERAL, AND
THE FTC AND THE FCC IN MAKING
THIS HAPPEN.

WE AT THE ATTORNEYS GENERAL
OFFICE, WHETHER, REPUBLICAN OR
DEMOCRAT, VERMONT OR MARYLAND
WE RECEIVE CONSUMER
COMPLAINTS.

AND WE RECEIVE SO MANY OF
THESE COMPLAINTS AS A RESULT
OF MOBILE CRAMMING -- WHAT'S
TROUBLING IS HOW MANY
COMPLAINTS WE DIDN'T RECEIVE.
PEOPLE ARE GETTING THESE BILLS
WITH 9.99 CHARGES ERROR DATA
USAGE OR SOMETHING THEY HAVE
NO UNDERSTANDING OF.

MOST PEOPLE DON'T REVIEW THEIR
BILL WITH THAT TYPE OF
DILIGENCE AND DON'T REPORT
COMPANIES LIKE AT&T AND
OTHERS.

THIS ISN'T PHIL'S PHONE SHACK
DOING THIS, AND IF YOU THINK
ABOUT 20 MILLION PEOPLE AT
9.99 A MONTH, WE'RE TALKING
VERY, VERY LARGE NUMBERS, AND
MANY, MANY CONSUMERS WHO WERE
FRANKLY DUPED BY THIS
INSIDIOUS FRAUDULENT CONDUCT
PERPETRATED BY AT&T AND OTHER
MOBILE COMPANIES.

SO THIS IS A GREAT RESULT
TODAY.

IT'S THE BEGINNING, NOT THE
END.

OFTEN, THE LAWS ARE BEHIND THE
TECHNOLOGIES THAT WE SEE IN
THIS SPACE, THAT THE FTC AND
THE FCC DEAL WITH ON A DAILY
BASIS.

WHEN WE'RE ABLE TO COME TOGETHER LIKE A PARTNERSHIP LIKE TODAY WITH THE 50 ATTORNEYS GENERAL, PLUS THE DISTRICT OF COLUMBIA AND OUR FEDERAL PARTNERS, I THINK IT'S SOMETHING TO TAKE NOTE OF AND MAKE SURE TWO THINGS HAPPEN. ONE THE CONSUMERS DUPED GET RESTITUTION, AND TWO THAT THIS CONDUCT STOPS IN THE FUTURE AND NEVER OCCURS AGAIN. THAT'S WHAT WE'RE HERE TO ANNOUNCE TODAY, AND I THINK THAT'S WHAT THE PARTNERSHIP IS AMAZING AND TO QUOTE CHAIRMAN WHEELER, THERE'S NO LIGHT BETWEEN US.

WE'RE ALL ON THE SAME PAGE ON THIS ONE, AND THIS CONDUCT. THERE'S NO GRAY AREA. THIS IS UNACCEPTABLE, AND THEY'RE BEING HELD ACCOUNTABILITY TODAY.

>> NO LIGHT BETWEEN US.

WE'RE ALL ON THE SAME PAGE ON THIS, THERE'S NO GRAY AREA. THIS IS UNACCEPTABLE, AND THEY'RE BEING HELD ACCOUNTABLE TODAY.

>> OTHER QUESTIONS.

IF YOU WOULD, PLEASE, WAIT FOR THE MICROPHONE, AND WHEN YOU ASK YOUR QUESTIONS, IF YOU WOULD STATE YOUR NAME AND AFFILIATION, AND ONE OF OUR PANELISTS WILL ANSWER.

>> TOTAL CASES EVER, OR WAS THAT JUST --

>> THAT'S AN ESTIMATE OF ANNUALLY HOW MANY PEOPLE GET CAUGHT IN THESE KINDS OF SITUATIONS.

>> SO MY QUESTION IS, AS AT&T IS PAYING \$80 MILLION INTO THE RESTITUTION FUND, BUT \$20

MILLION ANNUALLY AT 9.99 A PERSON.

AT&T IS PAYING \$80 MILLION INTO THIS RESTITUTION FUND, BUT \$20 MILLION ANNUALLY AT 9.99 A PERSON AS YOU MENTIONED IS WAY MORE THAN \$80 MILLION. I WONDER IF YOU CAN EXPLAIN THE DISCONNECT THAT AT&T IS PAYING 80 MILLION.

>> THERE ARE A LOT OF OTHER CARRIERS INVOLVED IN THIS AS WELL.

IT'S \$20 MILLION ACROSS ALL OF THE WIRELESS PROVIDERS IN AMERICA, NOT JUST AT&T, AND STAY TUNED ABOUT THE OTHER WIRELESS PROVIDERS.

>> AND THE 80 MILLION, WILL THAT COVER THE FULL ESTIMATED FRAUDULENT CHARGES THAT AT&T IS RESPONSIBLE FOR?

>> LET ME JUST EXPLAIN HOW WE ARRIVED AT THAT FIGURE. WHAT WE DID WAS WE LOOKED AT A NUMBER OF FACTORS THAT INCLUDED THE ESTIMATE OF THE HARM TO THE AT&T CUSTOMERS THEMSELVES.

WE ALSO LOOKED AT THE NUMBER OF REVENUE THAT AT&T WAS BRINGING IN.

I WANT TO NOTE THAT TOO.

WHAT WE'RE TRYING TO DO HERE, THE AIM WITH THIS SETTLEMENT AND THE FIGURE WE ARRIVED AT WAS TO PROVIDE MEANINGFUL CONSUMER REDRESS, AND WE THINK WE ACCOMPLISHED THAT WITH THE \$80 MILLION FIGURE.

>> THANK YOU.

>> DAVID HATCH WITH THE POLICY REPORT.

CHAIRMAN WHEELER, WILL THIS FRAUD IMPACT OUR AGENCY'S REVIEW OF THE AT&T DIRECT TV

MERGER?

>> I THINK THAT WE LOOK AT THESE ISSUES AS THEY ARE PRESENTED TO US.

WE HAVE AN ONGOING REVIEW OF AT&T AND DIRECT TV, AND WE WILL DECIDE THAT ON THOSE MERITS.

>> POLITCO.

SO AT&T SAID THEY WERE GOING TO STOP DOING THIS JANUARY 2014.

HAVE THEY STOPPED?

HAVE THE OTHER CARRIERS JOINED THEM.

IS THE PRACTICE STILL GOING ON?

WHAT TIME PERIOD DOES THE CONSENT DECREE COVER.

THANK YOU.

>> THE CARRIERS AGREED TO STOP THE PREMIUM TEXT MESSAGES SERVICES AS OF JANUARY 2014.

I WANT TO EMPHASIZE THAT THE RELIEF WE'RE GETTING APPLYS TO ALL FORMS OF THIRD PARTY BILLING.

THERE ARE OTHER FORMS, DIRECT CARRIER BILLING.

DIRECT CARRIER BILLING IS A FORM OF BILLING THAT'S GROWING INSIDE, AND THIS CONTINUES TO BE AN ISSUE WE'RE CONCERNED ABOUT, AND THAT'S WHY THE RELIEF WE'VE OBTAINED THROUGH THE SETTLEMENT IS CRITICAL.

>> THANK YOU.

>> HAVE YOU AGREED TO STOP THE OTHER ACTIVITY THAT IS YOU TALK B THE DIRECT PARTY BILLING --

>> THIRD PARTY BILLING.

>> THE THIRD PARTY BILLING CONTINUES, BUT NOT FOR COMMERCIAL PURPOSES, THROUGH THE PREMIUM SMS VEHICLE, AND

REQUIRES THOSE IMPROVED PRACTICES THAT I MENTIONED IN MY STATEMENT, INCLUDING AN AFFIRMATIVE SIGNAL THAT YES, WE DO INTEND FOR THIS CHARGE TO BE MADE.

AND AT&T IS PUTTING IN PLACE A RIGOROUS COMPLIANCE SCHEME TO MAKE SURE THAT THOSE KINDS OF CHECKS AND BALANCES ARE IN PLACE.

>> AND IF I MIGHT, YOU'RE CORRECT THAT LATE LAST YEAR EFFECTIVE EARLY THIS YEAR, AT&T AND THREE OF THE OTHER MAJOR CARRIERS DECIDED TO STOP THIS PARTICULAR FORM OF THIRD PARTY CHARGES.

BUT THERE ARE MANY OTHER CARRIERS IN THE COUNTRY, ADMITTEDLY SMALLER.

SO I DON'T WANT TO LEAVE THE IMPRESSIONS THAT THOSE WITH CELL PHONE ACCOUNTS SHOULDN'T BE CHECKING THEIR MONTHLY BILLS FOR UNAUTHORIZED CHARGES, AND WHAT WE HAVE FOUND IN THE INVESTIGATION IS THAT WHEN THESE CHARGES WERE GOING ON BILLS, MANY TIMES THE TRUE NATURE OF THE SERVICES BEING PROVIDED OR THE CHARGES BEING MASKED, IN OTHER WORDS, THE COMPANY THAT WAS PUTTING THESE THIRD PARTY CHARGES -- WAS SUPPOSEDLY PROVIDING THE THIRD PARTY CHARGES WOULD HAVE A COMPANY NAME, SOMETHING LIKE BASIC DATA PLAN.

SO IF YOU WERE IN VERMONT, ONE OF THE 20% WHO KNEW THAT THE COMPANIES COULD BE PUTTING THIRD PARTY CHARGES ON YOUR BILLS AND YOU SCRUTINIZED YOUR BILL, YOU MIGHT NOT WELL DISCOVER IT BEING THERE.

>> HI.

CHAIRMAN WHEELER, YOU'VE HIGHLIGHTED INCREASINGLY CLOSE RELATION SOMEPLACE YOU'RE HOPING TO HAVE WITH THE FTC ON THIS ISSUE.

THE FTC ALREADY TOOK T MOBILE TO COURT ON A SIMILAR MATTER, IS THE FTK BRINGING CHARGES AGAINST T MOBILE ON CRAMMING?

>> YOU MISSED THE SAME POINT AT TIME THAT THE FTC MADE THEIR ANNOUNCEMENT, WE TALKED ABOUT OUR ENFORCEMENT ACTION THAT WE'RE BRINGING AGAINST T MOBILE.

IT HAS BEEN ONGOING.

I CAN ASSURE YOU THAT CHAIRMAN RAMIREZ AND I ARE IN FREQUENT CONVERSATION ABOUT THAT TOPIC. WE'RE MOVING WITH ALL DELIBERATE SPEED.

>> THE FTC PREVIOUSLY BROUGHT ACTIONS AGAINST THE COMPANIES THAT WERE MAKING THESE CHARGES BILLING CONSUMERS THROUGH AT&T.

IN THIS CASE, HAVE YOU BROUGHT CHARGES AGAINST THOSE COMPANIES OR SHUT THEM DOWN OR SEIZED ASSETS OR ANY OF THOSE MEASURES THAT YOU'VE DONE IN SOME OF THE OTHER CASES?

>> WE HAVE TAKEN ACTION AGAINST SOME OF THE THIRD PARTY MERCHANT THAT IS ARE INVOLVED IN THIS FRAUDULENT ACTIVITY.

AT THE SAME TIME WE THINK IT'S IMPORTANT TO TAKE ACTION AT ALM OF THE LINKS IN THE CHAIN INVOLVED HERE.

THAT'S WHY IN ADDITION TO THOSE ACTIVITIES WE BROUGHT AN ACTION AGAINST AT&T AND THAT WAS THE REASON FOR THE T

MOBILE SUIT.

>> BUT THAT'S THE GREAT OPPORTUNITY THAT EXISTS HERE. THAT'S WHY WE'RE SAYING THERE'S NO DAYLIGHT BETWEEN US, BECAUSE WE HAVE TWO DIFFERENT STATUTES, BUT WE'RE ACTING IN A CONCERTED EFFORT TO GO AT A SET OF PROBLEMS.

>> DOES THAT ANSWER YOUR QUESTION?

>> I JUST WONDER SOMEONE INVOLVED WITH AT&T -- BROUGHT CHARGES AGAINST THEM-I. CERTAIN OF THE COMPANIES, WE HAVE.

WE HAVE BROUGHT CHARGES AGAINST AT LEAST THREE OF THE COMPANIES INVOLVED IN THE AT&T CHARGES.

YOU CAN LOOK THEM UP.

ONE IS MEDIA.

TEDO, AND DIGITAL.

THREE CASES THAT ARE POSTED ON THE FTC WEBSITE.

AND

>> AND I MIGHT ADD CERTAIN STATE HAVE GONE AGAINST THE THIRD PARTY COMPANIES.

TEXAS, CERTAINLY IS ONE IF YOU CAN FIND THAT CASE, OR I CAN GET IT FOR YOU.

>> FROM A CONSUMER STANDPOINT, YOU POINTED OUT IT'S HARD TO SEE ON THE AT&T BILL, AND I GET AT&T, SO I LOOK AT THESE BILLS -- WHAT THE CHARGES ARE. FOR SOMEBODY WHO THINKS THAI T MIGHT HAVE BEEN CHARGED UNFAIRLY, YOU KNOW, GOING BACK THROUGH MONTHS AND MONTHS OF BILLS MIGHT BE THE SECOND STEP.

IT LOOKS LIKE THE EXAMPLES, YOU POINTED OUT ARE TEXT MESSAGES.

HAVE I RECEIVED ANY WEIRD TEXT MESSAGES.

BUT I WANTED TO ASK ABOUT OTHER FORMS OF THIRD PARTY BILLING.

WHAT SHOULD PEOPLE LOOK OUT FOR, AND HOW WOULD YOU KNOW. WHAT SIGNS SHOULD YOU LOOK FOR THAT YOU SHOULD LOOK BACK THROUGH THE BILLS AND GO TO THE WEBSITE AND SEE IF YOU CAN GET A REFUND?

>> I THINK THERE'S SEVERAL.

ONE, AS CHAIRMAN RAMIREZ POINTS OUT.

GENERAL SORREL POINTED OUT. DOES THIS MAKE SENSE, THE FACT THAT YOU GOT THIS TAG ON HERE. DOES THIS MAKE SENSE?

SECOND OF ALL, GENERAL SOREL IS CORRECT THAT SOME OF THESE ARE, YOU KNOW, SIGNIFICANTLY LARGER NUMBERS AND TENDED TO BE GREAT AT THE 9.99 LEVEL. SO TAKE AN EXTRA HARD LOOK. CORRECT.

SOME OF THESE ARE SIGNIFICANTLY LARGER NUMBERS, BUT THEY TENDED TO CONGREGATE AT THE 9.99 LEVEL.

SO TAKE AN EXTRA HARD LOOK AT THOSE.

THERE'S A PROCESS SET UP FOR CONSUMERS WHO BELIEVE THEY'VE BEEN WRONGED.

THAT'S THE PROCESS THAT THE FTC IS GOING TO BE ADMINISTERING FOR THE PURPOSE OF DISPENSING THE \$80 MILLION.

>> ANY CUSTOMERS WHO BELIEVE THEY'VE BEEN AFFECTED CAN GO TO THE WEBSITE AND PROVIDE ADDITIONAL INFORMATION.

THEY NEED TO CERTIFY THAT THEY'VE BEEN THE VICTIMS OF CRAMMING, AND THAT'S THE WAY

TO GET RELIEF.

>> LTD ME ASK THIS.

AND JUST ASKING YOUR CARRIER
IF YOU HAVE BEEN A VICTIM OF
CRAMMING.

THAT'S A WAY TO GET RELIEF.

>> JUST ASKING YOUR CARRIER
WHETHER YOU HAVE AT ANY TIME
DURING THE TIME THAT YOU'VE
BEEN GETTING SERVICES FROM THE
CARRIER, HAVE YOU HAD ANY
THIRD PARTY CHARGES ON YOUR
BILL.

YOU SHOULD GET THAT
INFORMATION FROM YOUR CARRIER.

>> I ALSO WANTED TO ADD MORE
BROADLY WITH THE FTC MAKING
RECOMMENDATIONS TO THE
INDUSTRY AS A WHOLE, IN
ADDITION TO PROVIDING BETTER
DISCLOSURES WHEN IT COMES TO
BILLING.

WE'D ALSO LIKE TO SEE CARRIERS
PROVIDE MORE CHOICES FOR
CONSUMERS.

FOR INSTANCE, CONSUMERS WHO
DON'T INTEND TO USE THIRD
PARTY -- TO USE THEIR MOBILE
PHONE AS A BILLING PLATFORM,
WE'D LIKE TO SEE CARRIERS
ALLOW THEM AN OPT OUT TO BLOCK
ALL FORM OF THIRD PARTY
BILLING.

WE'D ALSO LIKE TO SEE THIS
PART OF THE AT&T SETTLEMENT
ITSELF, AND ALSO COMPANIES
SHOULD HAVE LESS STRINGENT
REFUND POLICIES.

THAT WAS A PROBLEM WE SAW WITH
AT&T.

THEY WERE WILLING TO PROVIDE
CERTAIN REFUNDS, BUT IF A
CONSUMER COMPLAINED THEY WOULD
ONLY PROVIDE REFUNDS TOUP TWO
MONTHS.

AND THAT'S PARTED OF WHAT

WE'RE GETTING AT IT STRENGTHEN
THE AT&T REFUND PROCESS.
>> GREAT.